THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

March 16, 1940

Badlands Struggle Exposes A Shady Deal

An Editorial

Young Trial Held in Camera

U.S. Loan Displeases Japan

Soviet-Finnish War Ends

War Enhances U.S. Trade Position in Asia

By John Ahlers

VOLUME 92 PRICE 50 CENTS (in China) NUMBER 3

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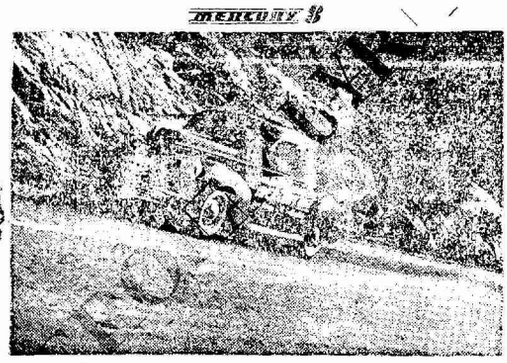

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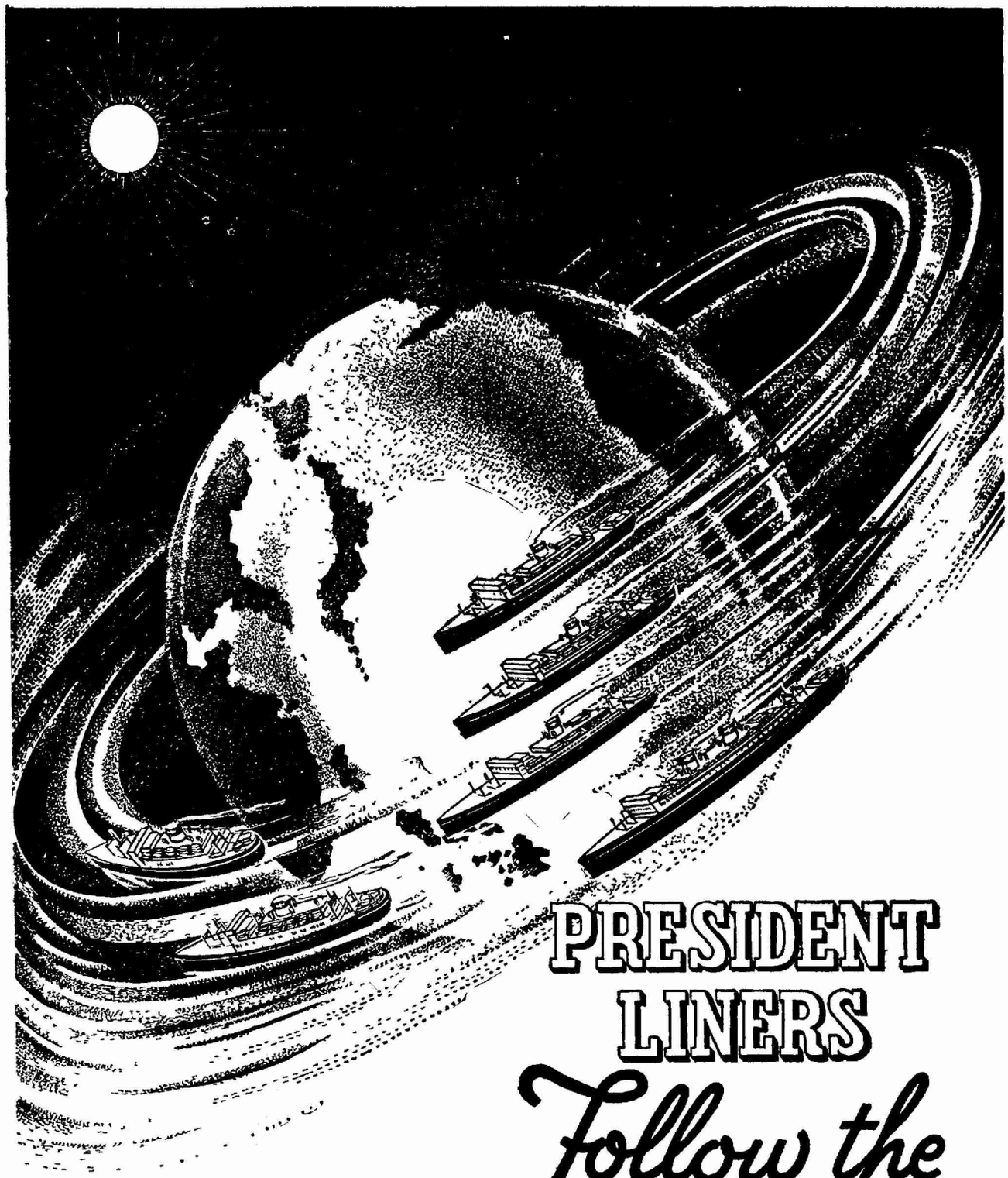

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review.*

PAGING MR. WOODHEAD

To the Editor:

In the column "One Man's Comment" in the issue of the "Sunday Mercury" of March 3rd appeared an article written by Mr. H. G. W. Woodhead which to every Scandinavian was a blow below the belt, as unfair as it was incorrect. It is difficult to permit such obvious ignorance of the real situation, which distinguishes the entire contents of this article, to pass without objection.

In the first instance, may one ask by what right Mr. Woodhead dares to cast the slightest doubt over the will and courage of the Scandinavians to defend their lives and liberties when he writes:

> "If the Swedes and the Norwegians would fight for life and for freedom with the same determination as their Finnish brethren there would be little doubt of the result."

Mr. Woodhead need have no fear that when the Scandinavians feel the time has arrived for them to defend their lives and liberties they will not lack courage, and their sacrifices will be no less than those made by the Finns. We in Scandinavia are sufficiently intelligent not to wish to "pull the chestnuts out of the fire" for any European or other World Power and thus permit ourselves to be drawn into a conflict which thus far we have managed to stay out of.

As to the assistance to Finland "in unstinted quantities" from England and France mentioned in the above article, assistance which Mr. Woodhead assures us "could and would be forthcoming in volume sufficient to save this gallant nation from destruction were it not for the two Scandinavian Powers," one cannot blame the Scandinavians because they appear rather sceptical over the promises of such assistance, especially when one takes into consideration recent happenings in Poland and the fact that in spite of all the talk of help to Finland precious little has been done thus far. In fact, one cannot avoid the suspicion that the "attitude of the two Scandinavian Powers" referred to and emphasized not only by Mr. Woodhead, but by a considerable section of the English press, is used as a pretext to cover up the sad fact that thus far the help forthcoming has been mainly talk. As a Dane, I am also well acquainted with what happened to Denmark in 1864. While on the subject of help to Finland, I do not know whether Mr. Woodhead is able to read any of the Scandinavian languages, but if such a remote possibility exists I would permit myself to recommend that he peruses some Norwegian Swedish or Danish newspapers. Particularly I would recommend to him some of the recent editions of the "Hufvudstadsbladet", published in Helsinki. Undoubtedly the contents of these newspapers would occasion Mr. Woodhead great surprises since he would discover about the real and ready assistance from the Scandinavian countries which has not been "spasmodic and inadequate." In fact, it can be truthfully said that had the rest of the world contributed one-tenth of what the Scandinavian peoples have thus far done for Finland in money, food, clothing, medical ambulances, not to mention volunteers, thousands of whom are today fighting shoulder-to-shoulder with their Finnish brethren, then there would not be a single Russian soldier on Finnish soil today!

You are right, Mr. Woodhead: "The margin of time within which such assistance can be given effectively, is rapidly diminishing." But may I ask who have the planes and the resources? Who controls today one quarter of the world's area? Better by far to contribute an article on the desirability of assisting the Friends of Finland Fund instead of alienating the sympathies of Scandinavians who might happen to read your "comments." Thank Heaven it is only "One Man's" and not that of the average intelligent Britisher who ought to let himself be heard more often.

Perhaps it is merely common sense, Mr. Woodhead, which prevents the inhabitants of the Nordic countries today to proclaim to the four corners of the globe where their sympathies lie in this Second World War. For more than one century the Scandinavians have proved that they are working solely for peace, a peace which they could enjoy today if the bigger boys in the school did not always fight between themselves for the control of the smaller boys and for "Lebensraum."

At present we are not in doubt where our interest lies, but if the type of propaganda which Mr. Woodhead disseminates persist we may begin to take a different view, particularly as regards the protection of the smaller countries and their restoration to independence when the Allies have won their victory.

In conclusion, Mr. Woodhead, I want to say that some of your articles on the Far East afford real good reading, but, if I were you, I would confine my comments solely to these matters or consult some of your Scandinavian friends before you venture further comments on matters pertaining to these countries. Last but not least, do not forget that the Scandinavians are not cowards. This is a fact that history has amply proved and which the future will undoubtedly show.

A DANE

Shanghai, March 7, 1940

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWENTY TWO DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. ADD $3.00 TO COVER EXTRA POSTAGE TO HONGKONG. SOUTH SEAS FIFTEEN DOLLARS STRAITS CURRENCY. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR MAIL—TO CHUNGKING AND ELSEWHERE IN WEST. NORTHWEST AND SOUTHWEST CHINA THE RATE IS $38.00 A YEAR OR $20.00 FOR A HALF-YEAR.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES. COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

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92-081

PARADISE ON EARTH

To the Editor:

What would you do, if you were king? What would I do, if I were king? If I were king, I would:—

Take graft out of politics, and profit out of war:

Establish non-sectarian homes for orphans, and the children of needy, negligent and irresponsible parents:

Pension artists, sculptors, poets and those who work for the moral and cultural progress of the world:

Subsidize bands, choirs and operatic ventures to promote community happiness and culture:

Stop the circulation of lurid and suggestive magazines, and purge libraries and bookstalls of filthy literature:

Prohibit sex instruction in schools and colleges, and leave it to the discretion of parents and physicians:

Impose discipline in schools and colleges, and educate youth in the value of the better things of life:

Inculcate the habit of work and the dignity of labor:

Cancel all minimum wage laws, and give everyone a chance to work:

Grant universal suffrage to adults of good-will and sane mind, and grant employers one extra vote for each adult maintained in full-time employment:

Grant every farmer exemption from confiscation, for debt or taxes, of his home and five acres of land:

Give the farmer what he desires most, i.e. a square deal and to be left alone:

Tax luxuries and free necessities from all imposts and taxes:

Deport undesirable aliens, and encourage the entry of artists, scientists and intellectuals of all nations:

Encourage individual initiative, and stop government interference with, and competition in, industry:

Guarantee individual liberty and initiative from all materialistic encroachments:

Strive to build a new spirit in the hearts of men, a new ideal, a dream of a world purged of international intrigue and diplomatic jargon, a world released forever from the obsession of warfare, industrial strife and international struggle, a world of justice and fellowship for everyman, irrespective of color, race or creed.

And, so, in place of economic chaos and universal suffering, would be created a Paradise of the Living.

F. E. BURNHAM,
Brigadier-General

Halcyon Hot Springs,
Arrow Lakes, B.C.,
February 9, 1940

HEAVEN—OR HELL?

To the Editor:

Shall I tell the truth? I have had no chance and time these few months, to read newspapers or periodicals from abroad, because the following reasons:

1. Worry about my foodstuff and the standard of living in Peiping is 600% higher prior to the "China Incident",
2. The Japanese would not allow us to read overseas papers, especially from Shanghai and U.S.A., neither they torn it into pieces or they "kept" for themselves.
3. I do not like to read local or Japanese occupied areas' periodicals or newspapers, because full 99% lies, especially news "came" from "Domei and China News Agencies", they're Japanese trumpets.

Luckily enough, one of my friend received your weekly (latest one) and we are wondering—how could your issue "smuggled" to this HELL, as what we know the Japanese considered your paper (weekly) like—NAIL in their eyes.

Your paper continues as good as ever and people in North China often speak about your courage and ability to carry on. No one in North China "love" that China's JUDAS, or known as FORTUNE hunter Wang Ching-wei.

People in North China do not want peace, fight to the end. They even dared to say that if the National Government could succeed "to get" him, we wish that—he should be torn into pieces by horses, or boil him in a hot oil pant. Han Fu-chu, the former chairman of Shantung was not a traitor, he's a hero, because he dared to face the charges. The reason of his death —disobeyed the National Government's orders. But this Judas Wang Ching-wei, not only a big traitor in the history of China also thieve. So we should boil him."

Prior to this China "incident", the cost of one bag of flour (Australians) only $2.75, and now—$28.50. And we are expecting that next week would be $30. Rice $135 per bag of 150 pounds.

Are we living in heaven or HELL????? Raping the poor Chinese girls occured almost daily in the interior of China by the Japanese Imperial Army. Anti British and America—are shadowing here.

O. S. CHANG

Peiping, Feb. 29, 1940

APPREHENSIVE

To the Editor:

I have paying a good deal of attention to the case of Mr. James Russell Young, who is under arrest in Tokyo. You have given us an impartial analysis of the case and have shown us how the Japanese military mind works.

However, I am under constant apprehension for your personal safety. I therefore beseech you, for the time being, not to make a trip to Japan or visit Japanese occupied areas in China, and to keep away from Japanese press conferences in the Hongkew section of Shanghai. Is it not possible that Articles 2, 3 and 99 of Dai Nippon's military code might be awaiting you, our beloved Editor?

A WELL-WISHER

Chuchi, Chekiang,
February 24, 1940

COST OF COAL

To the Editor:

We are all concerned just now about the cost of coal. We have only been able to obtain sufficient for two months, but even at that we are not as badly off as our friends in Shanghai. Our coal costs $44 a ton, but the dealer said that was all he had at that price.

S. T. R.

Tsinan, Shantung,
March 4, 1940

"NOT SO APPEALING"

To the Editor:

As a reader I want to make a suggestion. I found that the cover of **The Review** is not so appealing and even appears to be a little childish. May it be something like the **Nation** or the **New Republic**? Of course you have to see what is the opinion of the other readers, from which you may judge whether a change would be desirable or not.

FANG TSU CHEK

Hongkong, Feb. 15, 1940

Editor's Note: Any suggestions?

WAR PROFITEERS

To the Editor:

With China engaged in a life and death struggle against Japan, the local authorities should visit serious punishment upon wartime profiteers, whose pernicious activities are due to lack of national consciousness. The present high prices are working serious hardship, particularly upon the poor whose livelihood is on the brink of collapse. Cheap sales of rice and coal by the authorities are fully justified by the present situation. But that is not enough—the profiteers must go!

P.H.A.

Shanghai, Feb. 25, 1940

92-082

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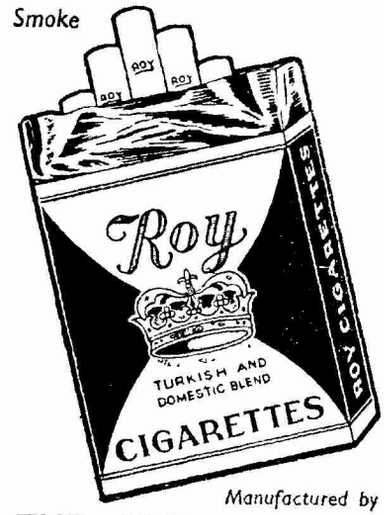

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中華郵政特准掛號認為新聞紙類
Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China
Vol. 92 Shanghai, Saturday, March 16, 1940 No. 3

BADLANDS STRUGGLE EXPOSES A SHADY POLITICAL DEAL

RECENTLY when the settlement of the Outside Roads question was announced, the spokesman of the Japanese Army stated at a press conference that all gambling joints located on these roads "would be closed on or before March 1." The spokesman admitted that the so-called Special Service Section of the Army (SSS) had supervision over both gambling and opium-smoking dens in the area. Mayor Fu Siao-en of the Japanese-controlled Municipality of Greater Shanghai, in whose territory the illegal joints are located, also announced his intention of closing the establishments.

Immediately the proprietors of the places raised a terrific howl, claiming that the abrupt closing of the dens would result in 1,500 employees and operators of gambling devices being thrown out of work. As a result of their "humanitarian appeal," the Japanese military authorities and Mayor Fu announced they would be given an additional 10 days to adjust their affairs. The new closing date was March 10.

According to a report in the *Shanghai Evening Post*, American paper, the Japanese military authorities closed their "Amusement Resort Supervisor's Office" at midnight of March 10, leading to the impression that the joints were to be closed. The report in the *Evening Post* alleged that the Japanese "Amusement Supervisors" had collected $1,000,000 a month for some two and a half years from the vice dens but now desired to "wash their hands of the business." The Japanese action was said to have been forced by orders from Tokyo, due allegedly to sensational articles about the participation of the Japanese Army in vice activities at Shanghai, which had been published abroad. These articles allegedly had caused the Army to "lose face."

The withdrawal of Japanese military protection from the vice establishments had dramatic and unexpected repercussions. But first it should be explained that there also existed an allegedly intimate connection between the vice-dens and the so-called "Orthodox Kuomintang" headquarters which the Wang Ching-wei group set up in the Badlands district several months ago. It was common knowledge that the fortress wherein Wang Ching-wei maintained his official headquarters and residence, was located in the same compound with the largest of the gambling and opium-smoking establishment, known as "Hollywood." It should also be explained that while the Japanese Army's Special Service Section provided protection, the actual proprietors and operators of the 20-odd joints were practically all Cantonese, allegedly political followers of the former Chinese official who had deserted his government in order to assist the Japanese Army in "bringing peace to China."

When Wang arrived in Shanghai he brought with him a large number of guards, allegedly some 3,000, who assumed the dual job of protecting Wang and the gambling-opium resorts. Raids conducted in the area by the police of the International Settlement and the British Military Forces resulted in the seizure of large stocks of arms, some of which had been used by Wang's "army" in illegal acts, including raids on newspaper offices and murders, committed in the foreign Settlements.

The withdrawal of Japanese protection from the resorts immediately precipitated a serious struggle between Wang Ching-wei's "Social Affairs Department" and the police department of Mayor Fu Siao-en's Ta Tao administration, which is headed by Loo Ying, Commissioner of Police. The group connected with Wang Ching-wei's Orthodox Kuomintang ordered the resorts to pay their "taxes" at 76 Jessfield Road where the Social Affairs Department has its headquarters.

Both sides, according to the *Evening Post*, "hinted at a new deal whereby all dens would be camouflaged behind new frontages labeled as innocent cabarets and dancing schools and it also was stated that the number of joints would be radically reduced, while those remaining would be licensed and "legalized." The proprietors of the joints immediately called a meeting at the Hollywood Gardens on Yu Yuen Road, but when the leaders of Wang's Kuomintang heard of it they sent a contingent of cadets from the new Central Military Academy to "protect" the gambling moguls.

The situation was growing critical, with Mayor Fu also threatening to send his army into the area, when the Japanese military gendarmes appeared on the scene and prevented bloodshed. The article in the *Post* stated that the Japanese would continue to collect the revenues (between March 11 and March 31) and would divide them between Mayor Fu and Mr. Wang, but after that all revenue would go to the Social Affairs Department of Mr. Wang's new government, which was expected to be functioning by that time.

A further element in the Shanghai gambling situation developed this week when it became known that a certain gambling proprietor had offered $3,000,000 for a monopoly of gambling privileges in the recently opened Nantao area. Nantao had been closed since its occupation by the Japanese Army in 1937, but recently was reopened.

All gambling establishments on Jessfield, Yu Yuen, Bubbling Well, Great Western and other streets and roads of the Badlands area again are in full swing and gambling and opium addicts are flocking back to their favorite forms of vice.

***

The squabbling over control of the vice dens in the Badlands area has been responsible for disclosures concerning the recent action of the authorities of the International Settlement in surrendering control over the Municipal Roads in this suburban district. It was alleged that the presence of the gambling houses and narcotics joints was chiefly responsible for the surrender of control over the area to the Chinese authorities. The proprietors of the vice dens feared that if the authority of the International Settlement was re-established on the Outside Roads, public opinion would force the police to close the places. The vice dens therefore concentrated their (financial) strength behind Mayor Fu, thus greatly strengthening his hands in the negotiations with C. S. Franklin, chairman of the Municipal Council, and G. G. Phillips, Secretary and Commissioner-General. It also was alleged that certain of the Chinese members of the Council had assisted Mayor Fu in his negotiations, their action (of course) being inspired by patriotic motives to restore Chinese authority over disputed territory.

Europe's War Enhances U.S. Trade Position in Asia

BY JOHN AHLERS

THE European war, this month of March, entered upon its seventh month. Out here in the Far East we cannot perceive any definite signs of its termination in the near future. On the contrary, an intensification of fighting in the Old World seems more likely than a conclusion of peace. The Anglo-Italian coal incident shows Britain's determination to tighten the blockade against Germany. Mr. Sumner Welles' diplomatic talks in Europe do not appear to have improved the outlook for peace. Herr von Ribbentrop's visit to the Vatican may not have anything to do with a peace move on the part of the Holy Father, for the simple reason that Herr Hitler's present sphere of power embraces more Catholics than Protestants.

Far Eastern business already has been greatly affected by the war in Europe, and is bound to be even more affected if the war continues. European war effects upon East Asiatic business, on the whole, have been unfavorable. They lacked, however, a common denominator, and unfavorable effects alternated, in more than one respect, with favorable ones. The situation out here is badly complicated by the Sino-Japanese war, which is chiefly responsible for the failure of the present European war to duplicate the results for the Far East of the Great War. Were it not for the continuous fight between China and Japan, favorable effects of the European war might offset, and possibly even out-distance, unfavorable effects upon the Far East.

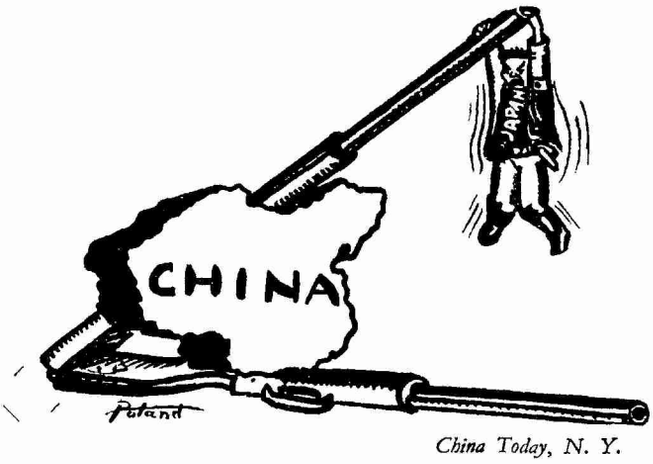
As trading partner of Europe, the Far East has lost much European business. Trade with Germany has been practically wiped out. Shipments of German machinery to Japan, which the Allies in the past six months allowed to pass through their blockade, covered only goods ordered before the start of the European war. No newly-ordered German goods may come out here on the maritime routes. Large quantities of German goods for Free China continue to be withheld by the Allies in British Burma and French Indo-China, and Chungking is greatly inconvenienced by the lack of certain German supplies. Only small quantities of German goods, of high value and small volume, such as medicines and high-class dyes, continue to trickle into the Far East via the Trans-Siberian Railway. Far Eastern exports to Germany via the Siberian route are extremely limited. The bulk of German Far Eastern trade, for the time being, has been killed.

British and French trade with the Far East also suffered from the European war. China's imports from the two Allied countries in the first month of this year were 40 per cent below the imports of January, 1939. Exports from China to those two countries more than doubled in gold value, so that the import loss was more than offset by export gains. British and French trade with Japan, on the other hand, experienced substantial decreases in both exports and imports. Many important supplies which the Far East regularly purchased in England and France are no longer forthcoming, and many French and British markets for Far Eastern, especially Nipponese, goods have been closed. East Asiatic commerce with some of the European neutrals, in particular Italy, was considerably reduced.

The telling effects of the European fight upon international shipping also are sharply, and at that negatively, affecting the Far East. German shipping has been swept from the Pacific, and the tonnage of British Pacific shipping has been reduced. Japan has her mercantile marine fully occupied and is in desperate need of additional tonnage, while the United States only just begins to stage a shipping comeback. The result is an enormous increase in maritime freight charges, all the heavier because it is coupled with soaring marine insurance rates. Costs of shipping between this and other parts of the world have soared higher than they have been for many years, and this is adversely affecting both Far Eastern import and export business. The high cost of shipping is reducing the Far East's great competitive advantage of cheap labor.

As a competitor of Far Eastern industries, on the other hand, the western belligerents and various neutrals were weakened in, or completely eliminated from, various markets in southeast Asia, South America and Africa. The frantic buying of Far Eastern industrial goods in these markets, which characterized the months of September and October last year, has somewhat subsided. Japan, now in the throes of a severe economic and financial

Too Small for the Job



China Today, N. Y.

crisis, also finds it very difficult to increase her exports to such markets and has been unable to fill most of the additional orders she received. In the British colonies, moreover, measures of exchange and trade control have been enforced and gradually tightened to oppose too large an increase in imports from countries outside the Sterling Bloc. Nevertheless, Japan and Shanghai both acquired in southern Asia, South America and South Africa new markets for industrial goods, and both of late were greatly assisted by increased exports to such markets.

The Far East, economically, and especially in the field of trade, is connected more closely with the United States than with any other part of the world. All major business trends in the United States tend immediately to affect Far Eastern business, too. Thus, when the first few months of the European war speeded up business recovery in the U.S.A. and seemed to bring about what it was hoped would develop into a minor boom, the Far East profited substantially as a seller of raw materials, of produce as well as metals. During the past winter months, the recovery in the U.S.A. slowed down and in January of this year even turned into a minor recession. East Asia was unfavorably affected. Future war developments in Europe are bound strongly to influence American business, and via the latter also Far Eastern business transactions, besides the direct influence of the European war upon East Asia.

In the fields of banking and finance, finally, the European war has resulted in a quick re-orientation of Far Eastern interests towards the U.S.A. Not so much the outbreak of the war itself, but the depreciation of British currency, the enforcement of Empire-wide exchange control to maintain the pound, and the develop-

ment of an unofficial New York pound rate lower than the London rate, combined to diminish in Far Eastern eyes the attractiveness and importance of London as the financial world center. The Japanese yen deserted the Sterling Bloc. The Hongkong dollar weakened along with the pound, and the flight of capital from Hongkong sharply increased. Shanghai won back from Hongkong the financial lead on the China coast. The U.S. dollar replaced the British pound out here as the currency providing the standard means of measuring the real value of paper money, financial assets, as well as commodities. From a long-term point of view, this development, of course, is a belated readjustment demanded by the dominating share of the U.S.A. in the foreign trade of most Far Eastern countries.

On the verge of spring, 1940, the business outlook in the Far East appears to suggest further gradual contraction of economic and financial intercourse with Europe, and an increase in the United States' share in East Asiatic business. With the crisis in Japan rapidly increasing and the country's productivity greatly diminished, there are now no prospects for increased Far Eastern self-sufficiency. The Yen Bloc experiment is a failure, and demand for more foreign trade with non-Yen-Bloc countries all over the Yen Bloc is greater than ever. The only large country which can answer positively the Far Eastern demand for more foreign trade is the United States.

Shanghai Jews "Repudiate" Sassoon Views on Japan

IT is doubtful whether among the thousands of Jewish refugees who have come to Shanghai to escape the Nazi terror in Europe a single one could be found who would voice approval, either privately or in public, of Hitler's rape of Austria, Czechoslovakia and Poland, or Stalin's invasion of Finland. Yet these same Jews have been placed in a position where they are compelled to endorse publicly the type of aggression in the Far East which, in the case of Europe, they condemn.

Here is how it came about: On Feb. 24, on his arrival in New York, Sir Victor Sassoon, millionaire Shanghai financier who has done a great deal for the Jewish refugees in this city, spoke his mind to newspapermen on the Japanese invasion of China. Japan's economy was fast crumbling, he said, and the time was not far distant when the Japanese people would revolt against the rule of the militarists.

These remarks were not at all to the liking of the Japanese. Their military spokesman here declared, in effect, that Sir Victor, himself a Jew, should have known better than to speak so unkindly about Japan, seeing how generous the Japanese had been in permitting the Jewish refugees to settle down unmolested in the Hongkew district of Shanghai. The refugees naturally became alarmed, fearing that Japanese benevolence toward them (benevolence which, incidentally, has cost the Japanese exactly nothing) might end. Their alarm was heightened when rumors began to circulate that the Japanese might expel the Jewish refugees from Hongkew because of Sir Victor's remarks.

And so up spoke the Shanghai Ashkenazi Communal Association with a resolution which was passed on Feb. 29 and published last week-end, as follows:

"In connection with the interview given by Sir Victor Sassoon to American journalists, as reported by local papers, the Committee of the Shanghai Ashkenazi Jewish Communal Association, which is a representative body of all the local Jewish Ashkenazi organizations, cannot but express its indignation over the opinion reported to be expressed by Sir Victor Sassoon. The Shanghai Ashkenazi Jewish Communal Association which recognizes the authority of the Jewish National Council of the Far East in Harbin, feels deep gratitude towards the Japanese Government for its just, humanitarian, and unprejudiced attitude towards us and for the assistance which it has given to our brethren refugees from Europe at the critical time of their forced emigration from the land of their forefathers to the unknown shores of Shanghai. The Shanghai Ashkenazi Jewish Communal Association feels confident that the Japanese authorities, knowing the sincere feeling of the Far Eastern Jewry towards Japan, will not give undue consideration to the irresponsible statements of private persons and takes this opportunity to point out that Sir Victor Sassoon is not and has never been a member of the Shanghai Ashkenazi Jewish Communal Association."

The Shanghai Ashkenazi Jewish Communal Association is alleged to represent 6,000 members, among whom is M. Speelman of the International Savings Society, who, like Sir Victor Sassoon, has been prominent in local Jewish refugee relief work. It is hardly to be imagined that the 6,000 members enjoyed licking the boots of the Japanese militarists. We wonder, too, how Sir Victor Sassoon will feel over being repudiated by 6,000 of his racial kinsmen. Finally, it should be remarked that the Japanese warlords have won a very empty victory in getting that resolution passed. It is not likely to change Sir Victor's opinion of Japanese policy, and while the 6,000 Jews have humiliated themselves it is not likely that *their* real views have been changed either.

Sir Victor Sassoon is at odds not only with the Jewish refugee organizations in Shanghai, but also with Britain's policy of appeasement in the Far East, as a result of his outspoken criticisms of Japanese policy in China. Thirteen years ago he transferred a large share of his huge fortune from India to Shanghai in order to avoid paying income tax on his earnings. His frequent trips to the United States in recent years have caused rumors of a fresh exodus of Sassoon capital—this time from Shanghai to New York. *Time* magazine, reporting Sir Victor's current visit to the U.S.A. in its issue of Feb. 12, asserted that Sassoon investments in America were being "upped." It may well be that Sir Victor sees as the first line of defense for his huge Shanghai investments, not Britain's appeasement policy, but America's firm stand against Japanese encroachment. And if the line should by any chance crumble, the New World will still be a land of investment opportunity.

TOVARISH

The Living Age, N.Y.

In the make-up of their pages, newspaper editors of the Soviet Union interpret the totalitarian scene with a vengeance. In the latest issue at hand of the *Literaturnaya Gazeta* of Moscow, consisting of six pages, there is a total of sixteen articles. All sixteen deal with Stalin; and the majority has Stalin's name in the heads carried over the stories. As an example of magnificent redundancy, we list a few of these titles in this one six-page issue: "Stalin," "Comrade Stalin," "Dear Comrade Stalin!" "Stalin as the Successor to the Work of Lenin," "Stalin as the Leader of the U.S.S.R.," "Stalin My Beloved!" and other bright variations. The editors, on the other hand, show more feeling for understatement in the use of Stalin's photograph, which appears only six times—once for each page.

If this is unbelievable, consider the issue of *Izvestia* (the official Kremlin organ) of, say, December 21 last. It consists of four pages. Heads on Page I include "Our Stalin!" (with three-column picture), "Stalin—Hero of Socialist Labor!" "Tovarish Stalin!" "Dear Comrade Stalin," another "Dear-Comrade-etc.;" on Page II, "Dear Comrade Josef Vissarionovich," "To the Leader and Teacher of the Workers, the Great Stalin!" (beneath a two-column photograph); Page III, "Stalin and the Creator of the Red Army," and Page IV, "The Sixtieth Birthday of Tovarish Stalin."

On this last page the reader, with strength remaining, will find slightly more than one column of brief dispatches from abroad. *Pravda* (the Moscow organ of the Party) of the same date carries seventy-two columns, of which one only is devoted to news, while the other seventy-one columns deal with "Stalin: The Greatest Man of the Present Time," "Stalin: the Teacher and Friend of Humanity" and—well, you know the rest of them.

JOURNALIST'S DECALOGUE

1. Thou shalt honor thy dear censor, that thou may continue to write.
2. Thou shalt always obey his orders, however inept they may appear.
3. Thou shalt cultivate commonplaces to flatter his gifts of comprehension.
4. Thou shalt soften the truth, with respect to his temperament.
5. Thou shalt abstain from any opinion with which he does not agree.
6. Thou shalt avoid protesting too loudly thy attachment to the republic.
7. Morning and evening thou shalt raise thy voice and sing in praise of thy government.
8. Obediently thou shalt dispute in one direction only.
9. To slander thou shalt refrain from answering, and keep thy trap closed.
10. And patiently thou shalt rely on hope to avert garbling of thy copy.

—Lumiere, Paris

A Review

When Peking was the Legation Quarter

BY WILBUR BURTON

THE recently published "Foreign Relations of The United States (1924)," containing the full correspondence pertaining to China, must make any Old China Hand very nostaglic for the good old days when a diplomat was a DIPLOMAT and the warlords were of the home-grown Celestial variety. For what a lot of difference in dealing with them, compared to the newly-imported *Magister Nipponicus!*

For example: On August 26, 1924, the *Charge* in China, Bell, reported to Secretary of State Hughes that a civil war involving Wu Pei-fu; Chi Hsieh-yuan, Inspector-General of Kiangsu, Anhui and Kiangsi; Lu Yung-hsiang, Anfu leader and Tuchun of Chekiang in control of Shanghai; and "ultimately Chang Tso-lin," was imminent. And as it developed, with due correspondence, Hughes—on September 8—promulgated this *obiter dictum:*

> American forces should be employed for protection of American lives and property . . manifestly there are situations in which suitable protection of American lives and property will require appropriate cooperation. Such a situation is deemed to exist on Whangpoo because of the conmingling of foreign interests. You were therefore instructed that the exigencies of the situation there seemed to require appropriate cooperation with the naval authorities of the other Powers represented in those waters in keeping that stream open from Shanghai to the open sea.

Japan, according to report of the *Charge* in Tokyo, Caffery, "intended to keep neutral—she was simply biding her time—while American, British, French, Italian and Japanese senior naval officers in Shanghai decided that the Woosung forts should be "neutralized" by driving out the Chekiang garrison and hoisting the five foreign flags above them. Bell did not approve of this and was sustained by Hughes, but Bell hoped that it would meet with the American State Department's "views as to neturality" when the Commander of the British Yangtsze Patrol "informed the Chekiang gunboats that they must not leave the Whangpoo . . and has also informed Nanking admiral that he must not enter the Whangpoo."

This apparently was agreeable all around, for there is nothing to the contrary, but on November 5 the Acting Secretary of State, Grew, informed the *Charge* in Peking that:

> Tokyo Embassy telegraphs November 5 that Japanese Consul at Tsingtao advises his Government our Consul there has agreed with Japanese and British colleagues to advise Wu Pei-fu not to land in the event of his arrival there.
>
> Please advise Consul immediately that the Department could not approve such intervention in Chinese internal affairs.

Anyway, the war continued on without any particular harm to anybody, and none at all to Shanghai, for Peking was still the Legation Quarter, and a diplomat was a DIPLOMAT, and the warlords were merely natives instead of *Magister Nipponicus.*

But 1924, without much realization of it at the time, was the last year when this happy state of affairs prevailed in these parts—and that is the chief significance of the diplomatic correspondence under review. For the old warlord era was ending, nationalism was a-brewing in Canton under Sun Yat-sen, and the Bolshevik Karakhan—liquidated a year or so ago by Stalin—was muscling in, even on the sacred precincts of the Legation Quarter.

It was that brilliantly shining luminary of American diplomacy, the ineffable Ferdy Mayer, *Charge* in Peking immediately after Bell, who first gives us the "lowdown" on the Red menace. Says he, in a dispatch of November 6, when Feng Yu-hsiang had ousted Henry Pu-yi from the Forbidden City:

> Belief by credible persons that (this) action Bolshevik inspired, working through Kuomintang for purpose finally eliminating monarchical restoration and further inciting anti-imperialist feeling and so anti-foreign feeling. I am reliably informed that C. T. Wang has seen Karakhan daily for past week or two.

A little later, on November 25, we have from this same profound student of Celestial affairs, Ferdy (Himself) Mayer, the following sapient recommendation:

> Tuan Chi-jui is in my opinion and generally so considered I believe the one man in China in whom there is any hope at present of uniting the different factions and leaders in any effort to bring order and stable government out of the present situation. For this reason I believe that the provisional Government he has set up should be given some measure of support by the foreign powers . . . . .

The pure and puissant Tuan was then allied with Chang Tso-lin, and Mayer on December 1 reported that Chang had spoken "openly, extensively, and hostilely" to him "respecting Bolshevik activities in China," presumably because he desired "the foreign powers to take some action which (would) permit conservative Chinese leaders to work with them and prevent Bolshevik influence from predominating China."

What actually happened has long since been history.

Our Mr. Mayer, however, never hauled down the flag. When C. T. Wang was still Foreign Minister, Mayer concluded a dispatch on November 14:

> I have only visited the Minister for Foreign Affairs the one time and intended to have as little to do with the present administration as possible compatible with the protection of our interests.

Meanwhile there was an exchange between Hughes and Ambassador Kellogg in Great Britain on Anglo-American "cooperation" in China in which the eminent statesmen of these lands agreed that "the Chinese Government is now passing through a phase which is abnormal and temporary"—as Hughes phrased it: and when the exchange extended to Tokyo, Shidehara declared that "no useful purpose can be served by any intervention in the domestic affairs of China." All were united, of course, against Sun Yat-sen's threat to seize the Canton Customs.

Meanwhile, also, Karakhan was in the process of taking over the Russian Legation in Peking, which was the subject of several notes worthy of Gilbert and Sullivan words and music. Schurman, American Minister who was dean of the Diplomatic Corps at the time, was very much put on the spot in having to deal with Karakhan about the matter—since the U. S. had not recognized the U.S.S.R. So Acting Secretary of State Grew suggested that even when Schurman was acting as Dean of the Protocol Powers instead of American Minister he add to his notes the following:

> It is, of course, understood that nothing in this note shall be construed as constituting recognition of the regime known as the Union of Soviet Socialist Republics by any Protocol Power which has not recognized that regime.

The other Protocol Powers which had not recognized the U.S.S.R. seemed so concerned that Schurman suggested that the paragraph be omitted, but Grew insisted that a similar paragraph specifically about the United States should be included. Which inspired Karakhan to reply that:

> . . . there does not exist in international law and practice a method of restoration of diplomatic relations between two governments by way of returning to one of them a legation belonging to the latter government and situated in the capital of a third power by the other of those two governments which, but

accidentally and without the consent of the real owner, has in its hands the keys from the buildings of such a legation.

Due to Schurman leaving, Karakhan's nasty note was given to the Japanese Minister, and Hughes instructed the American *Charge* that "if note is transmitted to you simple file it as unworthy of further notice!"

Eventually Karakhan got back the Russian Legation, and if such as Mayer could not understand the Chinese realities of the time, it must in truth and fairness be said of those on the other—liberal and left—side that they could not understand the real significance of the Bolshevik foray. In a long-range and strictly unmoral view of history—which virtually no one took at the time—the Bolsheviks were simply a new set of political gangsters who overthrew an old set of political gangsters, and once in possession of the Russian State they were conditioned by exactly the same objective material conditions and subjective will to power that had directed the Czarist course. Both the technique and the pretensions were superficially very different, but as the French say: "The more things change, the more they remain the same."

In China, the old Czarist program of imperialism was pursued from the very beginning. As reported in the American diplomatic correspondence, the Sino-Russian agreements signed in Peking on May 31, 1924, resulted in a new deal on the Chinese Eastern Railway, but the Bolsheviks retained the railway—and continued to do so until forced to give it up by Japanese imperialism a decade later. Also the agreements stated that the U.S.S.R. "recognizes that Outer Mongolia is an integral part of the Republic of China and respects China's sovereignty therein," Which, indeed, is laugh-provoking!

Karakhan being an Ambassador, while the other powers had only ministers in Peking, a somewhat embarrassing situation was created, and there was an extensive Anglo-American-Japanese interchange to make sure none of these three would beat the other to raising of the diplomatic rank. Also Hughes plaintively observed:

> It would seem that the inevitable recognition of a Soviet Ambassador as a member of the Diplomatic Body must tend to paralyse the activity of that organization as an instrumentality for the expression of the collective interests of the Powers, and it is to be anticipated that the Diplomatic Body, in so far as concerns its present peculiar character and functions, will fall into desuetude.

There are two interesting notes on the American Foreign Service and journalism. The United States opposed the Sino-Soviet agreement on the Chinese Eastern Railway, partly—one gathers—on the valid basis of American investment in it, but also on general principles, and due to official concealment of the exact attitude the *United Press* seems to have somewhat misrepresented the situation. Whereupon Bell "ventured to suggest" to Hughes that:

> . . . The United Press be approached in regard to their handling of news. They are the only American agency selling a news service in China and the fact that they are able to do so is entirely due to the department's attitude in refusing to permit distribution gratis of radio news service from Cavite which if done would drive their service out of China. That our government in these circumstances should be made to suffer by their errors or carelessness, is intolerable.

Consul-General Hanson in Harbin, however, apparently had a higher regard for journalists, for on October 8 he advised Hughes:

> The Department might suggest to the Associated Press or other news agency that it detail to Harbin a special correspondent in order to report regarding Bolshevik activities in North Manchuria and on the Chinese Eastern Railway, arrests of foreigners by Chinese military and police and trials of foreigners by Chinese courts. Such reports would enlighten the American public in regard to communism and the necessity of retaining extraterritorial rights in China.

Other exchanges for the eventful year may be summarized by the headings of the Department of State:

Proposal by the Chinese Government to convene a preliminary customs conference, and the rejection of the proposal by the Powers.

Further postponement of the meeting of the Commission on Extraterritoriality in China.

Consent by the United States to join other Powers in negotiations to restore the Shanghai Mixed Court to the Chinese.

Failure of efforts to secure from the interested powers a general acceptance of the arms embargo resolution proposed at the Washington Conference.

Decision by the Consortium Council to continue unmodified the Consortium agreement of October 15, 1920, after its expiration on October 15, 1925.

Joint resolution by Congress authorizing the President at his discretion to remit to China further payments on the Boxer Indemnity.

Concurrence by the United States in the contention by certain powers that the Boxer Indemnity payments should be made in gold currency.

Continued support by the United States to the Federal Telegraph Company in efforts to obtain execution of its contract with the Chinese Government.

Explanations of policy by the Department of State respecting questions of treaty rights raised by Americans in China.

This last contained the dictum of J. V. A. MacMurray, chief of the Division of Far Eastern Affairs and later Minister to Peking, that American missionaries were not entitled to waive extraterritorial rights in China.

Such was one year of American diplomacy in China. The reader can draw his own moral, if any.

Garments Were "Tattered and Torn"—After One Trip to Laundry

VERY little has been heard about the attitude and reactions of Japanese women regarding current restrictions in Japan on practically everything that everybody eats or wears. Japanese women have been described as doll-like individuals who have no opinions of their own and live only to serve their lords and masters, otherwise husbands, fathers or other male members of the household. No Japanese woman—in recent times—has ever taken part in politics as Chinese, American and British women do every day in the year. Aside from the Empress and princesses of the Royal Family, Japan's *Who Who* is said to contain the names of no women, although some 4,000 men are listed in the book.

But there are indications that Japan's womenkind are becoming dissatisfied with the restrictions which the proponents of the "new order" have enforced in Japan. Several months ago when the man-dominated government issued an order that all cloth produced for domestic consumption must contain 30 per cent "staple" fiber, the women with one accord rushed to the stores and bought up all the stocks of cotton cloth, so completely that there was a dearth of cotton goods stocks in all the stores for many weeks.

Now there are indications of further dissatisfaction—also over the cotton cloth situation. The Federation of Women's Societies at a conference in Tokyo asked the authorities what they intended to do about the cotton situation. They pointed to an exhibit at the meeting of 86 garments made of staple fiber, 82 of which had been irreparably damaged by the first trip to the laundry.

The women added point to their complaint by inviting to their meeting representatives of laundries, department stores, Ministries of Commerce, Agriculture and Welfare, Metropolitan Police Board and the militants of the Women's Society. Calling attention to the tattered garments, mostly used by small children and babies, they showed that staple fiber, introduced into Japan by the Germans, was a complete failure. Laundrymen complained they had been forced to pay indemnities of some ¥5,000 for spoiled garments after a single wash. Government officials, however, were adamant and claimed that staple fiber garments surpassed pure cotton—provided they were handled properly, particularly in washing. The Women's Society petitioned that the percentage of cotton in baby clothes, at least, be increased.

According to a report in the *Japan Chronicle* (Feb. 22) a Tokyo inventor had applied to the Commerce Ministry for a patent on a process for converting dog hair into a substitute for wool. A piece of cloth, said to resemble wool, was submitted with the application for a patent. According to the process the dog's hair is first treated chemically to eliminate the disagreeable odor, after which it is ready for weaving. The hair must be over two inches in length. The inventor claimed that cloth could be made of dog's hair at one-fifth the cost of wool.

92-087

Young Being Given "Public" Trial But the Public is Excluded!

JAMES R. Young, American correspondent for Hearst's *International News Service* in the Far East, who was arrested on Jan. 21, was finally brought to trial—after detention for 51 days—on March 11 in the Tokyo District Court. Although it had been announced that Mr. Young would be given a public hearing, the public was excluded from the court room seven minutes after the opening of the trial. The Judge stated that the action was being taken on the grounds that the case "was liable to impair public peace and order."

While the public was excluded, including both Japanese and foreign newspapermen, the Japanese authorities permitted Mrs. Marjorie Young, wife of the American newspaperman, to remain in the court room. Two other Americans, one a representative of the American Embassy and the other an official of the Y.M.C.A., were also permitted to remain in the court. The Y.M.C.A. official acted as interpreter, while the Embassy official acted as an observer.

The trial opened with Judge Kanao Hotta and Procurator Kurihara presiding, and with Prof. Hideo Ogata of the Yokohama Law College serving as official interpreter. Three attorneys appeared for the defence: Fumio Takashima, Yoshio Fukuba and Yoshio Suzuki. An article in one of the Tokyo newspapers claimed that Procurator Noboriishi of the so-called "Thought Section" of the Procurator's Office of the Tokyo District Court, "had collected sufficient proof to substantiate the charges of 'fabrication and circulation of rumors' laid against Mr. Young, irrespective of whether Mr. Young will recognize it or not."

The attorneys defending Mr. Young requested that a well-known Japanese newspaper editor, Katsue Shibata of the *Yomiuri Shimbun*, and Seishichi Iwasaki, President of the Iwai Cement Manufacturing Company, be called as witnesses to testify in the case. Judge Hotta ruled that the businessman would be allowed to testify, but reserved his decision regarding the newspaper editor. The representative of the Embassy, who observed the proceedings, was William A. Turner, former Consul at Dairen, who is now connected with the Embassy. Tsuneshiro Yamazaki, Secretary of the Foreign Office, and Mikio Suzuki, Chief of the Foreign Affairs section of the Metropolitan Police Board and a Major in the Gendarmerie Force, a branch of the Army, popularly known as the Japanese "GPU," were also present. The Y.M.C.A. official was Russell Durgin of the Tokyo branch.

After being held in an unsanitary, unheated jail and compelled to sleep on a cement floor from the day of his arrest on Jan. 21, the Japanese authorities suddenly announced on Feb. 28 that Mr. Young had been indicted for violation of the Army Penal Code and would be given a "public trial." Following this announcement, Mr. Young was transferred to another jail where he was able to see and converse with his wife, and also was permitted to sleep on a bed and take a bath, which had been denied him for many weeks.

The announcement of Mr. Young's indictment came as a painful surprise to his many friends and also to the officials of the U. S. Embassy who had hoped the case would be dismissed. The officials of the Embassy were not even consulted or informed of the Japanese decision despite the fact they had promised to keep the Embassy informed. The American Ambassador, Joseph C. Grew, learned of the Japanese decision from a *Domei* news agency dispatch. The cell which Mr. Young occupies in the Tokyo jail is No. 13. Previously he was not permitted to have any reading matter, but recently he was permitted to receive newspapers and a copy of the Bible.

Mrs. Young, who has worked indefatigably in her husband's behalf, has been deluged with letters and cables of sympathy from friends and acquaintances in the United States, all of the letters and cables attesting to Mr. Young's ability as a newspaperman. Some of the letters called attention to the fact that Mr. Young wrote a series of articles a year ago and also delivered a number of radio addresses in which he urged better Japan-U.S. relations.

Immediately after Mr. Young's arrest all of his Japanese colleagues were summoned to Court and questioned regarding their relations with the American newspaperman. One Japanese newspaperman named Fukuda, a graduate of Dartmouth, hastily left Tokyo and has not been seen since Mr. Young's arrest. Mr. Fukuda had accompanied Mr. Young on his trip to China. The action of the Tokyo police in immediately calling all of Mr. Young's Japanese associates into court for questioning indicated, in the opinion of foreigners in Tokyo, that a chief objective of the police and military authorities was to intimidate all newspapermen, foreign as well as native, throughout the Far East.

That the police action had been effective in intimidating the *Japan Advertiser*, American paper in Tokyo, was indicated in that paper's action in discontinuing its exchange subscription with a paper in Shanghai which had strongly criticised the Japanese action in the Young case as well as other matters concerning the invasion of China. The American Embassy had also felt it advisable to caution friends of Mr. Young in China against sending Mrs. Young letters in covers addressed to the American Ambassador, so as to avoid being opened by Japanese censors. One letter, referring to the Young case, which was received in Shanghai from a member of the Embassy, had the seals broken and showed signs of having been opened before receipt here. The Chinese postal authorities here issued a notice that the letter "had been received here in a broken condition."

The *Japan Advertiser*, despite the fact that Mr. Young had been Business Manager of the paper for ten years, was afraid to publish an account of his arrest and two days after his detention printed a silly society note, stating that Mr. Young was unable to attend a certain function "because of his detention by the police." The *Advertiser* likewise has had no editorial reference to the arrest and detention of the former head of its business department.

A high official of the American Embassy, in the course of a discussion of the case and the barbarous treatment which Mr. Young had received while being detained in jail for many weeks without trial, said that "conditions surrounding the administration of justice in Japan were still medieval."

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MY HUSBAND IS IN JAIL

My body walks the crowded streets,
It smiles and nods its head.
My mind is like a magnet,
But it's thoughts are made of lead

I feel the blood go through my veins
Where my poor heart is nailed
For they have taken my good man
And now they have him jailed

How can I get into my bed
While he lies on cement
How can I enjoy a bath
While he has none of it

Our three year old is wondering
While he plays with sand and pail
What is the place where daddy is
That everyone calls jail

If I had a million dollars
Or a witches wand of old
I could not get him out of jail
Until his story's told

They sit him cross-legged on the floor
And question him until
The sun has gone below the bars
And all the world is still

Censors take my daily notes
And question why I write
"I love you," every day, "my dear
And far into the night"

Perhaps in their strange language
No words for love appear
I only hope he gets them
As my meaning's very clear

They still do not give reasons
Why they locked him in the jail
And will not let him out at all
On any kind of bail

Presents of flowers and fruit arrive
Cables from far and near
Bringing condolences from his friends
To one whose heart is dear

Each night I wait for day to break
And hope that this will be
The day the jail door opens
And that Jimmies back with me

MARJORIE YOUNG.

Tokyo, March 8, 1940.

Japan Ill-Prepared to Weather U.S. Oil Embargo

BY HERBERT LEOPOLD

American Oil and Gas Journal

(*Concluded from last week*)

COAL LIQUEFACTION PROGRAM FLOPS

ACCORDING to a 7-year plan laid down in 1936, Japan and Manchukuo are to produce 2,000,000 kl. of synthetic fuels by 1943. This amount, together with power alcohol and other substitute fuels, was expected to meet 50 per cent of Japan's fuel requirements in 1943, which were set at 2,470,000 kl., against an actual demand of 1,350,000 kl. in 1936. The tenure of the plan was later reduced to 5 years, so that Japan and Manchukuo ought to be able jointly to turn out 2,000,000 kl. of gasoline and heavy oil by 1941. Even if the less ambitious 7-year plan is checked against actual results, one is tempted to ask whether the Tokyo planners have not allowed their slide-rules to run away with their logic.

On the basis of this unabridged plan, 108,800 kl. should have been produced this year by hydrogenation, 104,000 kl. by Fischer-Tropsch synthesis, 10,300 kl. by low-temperature carbonization and 60,800. kl. by conversion of agricultural products into alcohol, making a total addition of 83,900 kl. In 1940 this should increase to 523,700 kl. These figures are for Japan only and do not include Manchukuo's share in the program.

As things go, only alcohol production has roughly approximated the expectations of the planners. One or two carbonization and distillation plants, which have been in operation for years, have been expanded, but their output is insignificant and almost entirely consumed at the plants. Neither hydrogenation nor Fischer plants, several of which are under construction, are operating yet, and while in the past the shortage of foreign exchange, and the resultant inability to import construction materials quickly, was mainly responsible for the delay in the completion of the plants, the outbreak of the European war has introduced additional difficulties, including the problem of getting German equipment to Japan and of paying for it with Manchurian produce.

Substitute Fuels Penetrate Market

A fully developed coal-liquefaction outfit would be of little practical use, anyway, at the present moment because of the actue shortage of coal, of which 4 tons are required to produce 1 ton of liquid fuel. Coal production has bogged down alarmingly, with the result that consumption had to be curtailed in all fields of industrial consumption. The coal-liquefaction plans call for an increase in coal output by 8,000,000 tons a year, which is 12 per cent more than Japan, Korea, Formosa and Manchukuo are producing between themselves.

By and large, then, Japan is still very far from even partial self-sufficiency in mineral-oil products, and if the indications of the past 2½ years say anything, the materialization of the coal-liquefaction projects will probably be delayed the more urgent it becomes. If Japan were able to wind up the China "incident" quickly, and industrial production were allowed to return to a normal peace routine, many obstacles to the development of the artificial-oil industry would be absent; but in this case the need for an independent domestic oil supply would be less pressing.

Consumption of oil products in Japan has increased at a much faster rate than has domestic output of crude oil, with the result that dependence on supplies from abroad has increased rapidly. Authentic figures for recent years are:

	Consumption 1,000 *bbl.*	*Percentage supplied by domestic production (Japan proper)*
1932	13,823	11.7
1933	18,593	7.8
1934	22,948	8.0
1935	25,327	8.9
1936	28,150	8.7
Jan.-June, 1937	18,200	6.6

The tendency has become still more pronounced since the outbreak of the Sino-Japanese hostilities, in spite of drastic restrictions on other than military consumption. Actual consumption for the past 2½ years is not even approximately known, mainly because of incomplete information about the amount of oil left in storage. The picture has also been obscured by the practice of Japanese military authorities in China to have supplies landed direct without transshipment through Japanese ports.

No Import Statistics Published

Japan has ceased publishing import statistics. So far as expenditure on imports is concerned, the following table provides a fairly reliable guide to the general trend of imports. The figures are based on the official trade returns of the Department of Finance, particularly on the section dealing with imports of "oils, fats, waxes and manufactures thereof." A close scrutiny of the method of compilation reveals that the totals for "other oils, fats, waxes and manufactures thereof" closely approximate the expenditure on imports of mineral-oil products, calculated on a c.i.f. basis.

Imports of Mineral-Oil Products Into Japan, Korea (Million yen)

	1939	1938	1937	1936
Japan and Karafuto*				
January-June	127	141	121	
Janury-September	190	226	194	
January-December	—	320	280	184
Korea**				
January-June	6.7	6.6		
January-December	—	20.7	23.6	14.0

On the same basis, it is possible to trace the imports to their sources. In this respect, significant changes have taken place since the outbreak of the Sino-Japanese hostilities. Notwithstanding Japanese efforts to mitigate a potential American embargo on mineral-oil shipments to Japan by opening up new sources of supply, the United States' share in Japanese imports has actually increased, and is still increasing. The reasons are to be found both in the quantitative and in the qualitative changes in Japan's demand in recent years.

Netherlands India and British Borneo were able to supply a considerable share of Japan's oil demand so long as this share corresponded to a minor portion of their own production. But Japan's oil demand has far outrun their increase in production, and although shipments to Japan are not substantially smaller than

**Not including oil from Soviet Sakhalin.*
***From countries other than Japan.*

they were a few years ago, their share in Japan's total imports has declined from 27.2 per cent to 16.7 per cent.

IMPORTS OF MINERAL-OIL PRODUCTS INTO JAPAN PROPER BY COUNTRIES OF ORIGIN

	1938	*1937*
Total imports* (million yen)	320	280
	Per cent	Per cent
From U.S.A.	75.0	65.1
From Canada**	5.7	1.3
From Netherlands India	13.7	23.0
From British Borneo	3.0	4.2
From Manchukuo (shale oil)	0.7	0.7
From Bahrein Island	0.6	0.2
From others	1.3	5.5

But the most important reason for Japan's involuntary reliance on the United States is that the United States is in the best position to supply those petroleum products which Japan needs most urgently to carry on her war in China. These include aviation gasoline, distillate and residual fuel oil, lubricants and crude oil, while ordinary motor fuel, the feature item in Dutch India exports, has been subjected to drastic import limitations.

U.S. Crude Imports Recede

Japanese crude-oil imports from the United States have markedly receded of late, from 13,691,000 bbl. for the first 6 months of 1938 to 7,844,000 bbl. for the corresponding period this year. The abrupt decline suggests that Japan is now well stocked up with crude and is importing only for immediate requirements. This view is supported by the fact that imports of finished products have increased.

A tendency has been observed lately on the part of Japanese importers to cover a portion of their requirements outside of California, with interests centering on Texas. It does not seem, however, that the inroads on Californian business have been serious. Japan's ability to import from other supply centers will always be limited to the extent that tankers are available for the Panama route.

According to officially compiled American statistics, exports of American mineral-oil products to Japan in 1938 and for the first 5 months of 1939 were as follows:

(Millions of barrels)

	1939	Jan.-May *1939*	Jan-May 1939 incl. Kwantung
Crude Oil	21.29	6.82	7.26
Gasoline	1.45	0.58	0.90
Kerosene	0.88	—	0.21
Gas oil and dist. fuel oil	5.30	2.46	2.48
Residual fuel oil	3.03	1.94	1.94

An important, though officially hushed, news events of the year under review was the establishment in Tokyo of the Taiheiyo Sekiyu K.K. (Pacific Oil Co.) with a capital stock of 10 million yen for the purpose of swapping Japanese goods for mineral-oil products. The company is limiting its business to such countries as have not previously supplied oil to Japan, notably Iran, Iraq, Rumania, Ecuador and Mexcio. The Taiheiyo is a subsidiary of the Ohji Paper Manufacturing Co., and it is believed that paper and synthetic fiber products are the principal barter items. Ohji's president, Ginjiro Fujiwara, recently went on a "pleasure trip" to Mexico, where he is believed to be sounding the possibilities of a deal with the government. Though past shipments of Mexican oil to Japan did not amount to very much, Mexico's present inability to continue business with Germany may make the government inclined to listen to the Japanese proposals, it is believed here.

Japanese exports of mineral-oil products have markedly picked up since the outbreak of the Sino-Japanese hostilities, but shipments were confined to Manchuria and those parts of China where Japanese troops are stationed. Figures, in kiloliters, are:

	9 months *1939*	*1938*	*1937*	*1936*
Crude and heavy oil	4,501	1,137	408	—
Gasoline	20,455	17,960	302	532
Kerosene	14,433	20,195	16,969	63,838
Light Oil	2,316	2,422	992	—
Machine oil	24,413	30,423	19,975	41,176
Grease (100 kg.)	25,449	20,914	13,252	—

The whole amounted in value to 5.3 million yen in 1936 and 1937, to 11.1 million yen in 1938 and to 15.1 million yen during the first 9 months of 1939.

Government-Managed Oil Distribution

As regards distribution, a phase of the oil business once more closely identified with foreign companies and representing the largest single foreign investment in Japan, the tendency continued toward elimination of alien interests. Manchukuo will shortly look back upon 5 years of government-managed oil distribution, and quasi-monopolies of varying exclusiveness have since been enforced in Korea, Mongolia, North China and Central China.

This year Japan came out with a project to place oil distribution within Japan proper under the control of a semi-governmental company, called the Japan Petroleum Joint Sales Co. The company was to open business on October 1, but friction developed with rural consumers, who refused to surrender their co-operative storage facilities to the prefectural subsidiaries of the governmental concern and to have the higher distributing cost shifted to their pocket books.

Though some changes may be made in the enforcement of the plan, the essential features, as embodied in a commerce and industry ministry ordinance, will probably remain. They may be summarized as follows:

1. To set up a large-scale central oil cooperative sales company, composed of oil refiners, oil import traders and those interested in artificial oil.
2. This central company is authorized to conduct the exclusive domestic distribution of oil in accordance with the oil policy of the government authorities.
3. As a result, oil refiners, oil import traders and those interested in artificial oil here shall not sell oil to any other companies than the foregoing company, without permission given by the commerce and industry ministry.
4. The central oil company is allowed to supply oil to oil wholesale companies in each prefecture in compliance with the oil distribution plan of the competent authorities.
5. Without permission from the commerce and industry minister, oil supply to any other men and companies besides the designated oil wholesale companies is not permissible.
6. To set up a wholesale oil company in each prefecture by amalgamating the existing oil agencies into a single one.
7. In accordance with the oil distribution policy of each prefectural government, the respective

**Not including oil from Sakhalien.*

***The increase im imports from Canada does not correspond to genuine Canadian exports to Japan, which consist of but small quantities of residual fuel oil. It is due rather to the increasing use that is being made by foreign carriers of Canadian ports as transshipment points so as to comply with American alien shipping regulations.*

wholesale oil companies are authorized to supply oil to retail oil dealers.

8. After proposing before the Oil Distribution Commission of each prefecture, the respective prefectural governors shall give approval to the draft plan calling for oil distribution.
9. The Oil Distribution Commission is to be composed of high officials of prefectural governments, representatives of oil supplying communities, and leading oil consumers (inclusive of representatives of the automobile, mining, manufacturing industry, shipping, fishing and agricultural circles).

Oil Distribution Problem

The oil distribution problem has also come to assume serious proportions in Thailand (former Siam) as the negotiations between the Thai Government and foreign petroleum companies on questions arising from the recent enforcement of the fuel-oil control law (which Siam almost literally copied from Japan) have been disrupted.

Immediately following the enforcement of the fuel-oil control law on July 15, the Asiatic Petroleum Co. (Shell) and Standard Oil Co. filed a protest with the Thai Government, declaring the provision of the law requiring the two companies to reserve always various kinds of oil to amounts equivalent to half of the annual imports disregards their interests, and demanded the Thai authorities to revise or abolish the provision. The two companies then threatened they would suspend oil supply in Thailand unless their demand was heeded.

It may be recalled that the foreign oil concerns in Japan have refused to this day to comply with the 6-month compulsory storage, which was enforced in 1935. But the Japanese Government was in a position to strike back by curtailing their imports because Japan is not dependent on foreign tankers and has access to independent producers in the United States and elsewhere.

The situation is vastly different in Siam, where there is neither a well-developed refining industry nor any storage space other than that owned by foreign companies. So the only outcome of the current strife that may be reasonably expected is a compromise under which the Thai Government builds its own storage facilities.

Research Critics on Aviation Fuel

Japanese fuel research in recent months was mainly concerned with seismic prospecting, shale oil, oil synthesis and hydrogenation, and aviation fuels.

T. Shono treated the gasoline and kerosene fractions from Shukkuko crude with various solvents, such as sulfuric acid, aniline, liquid sulfur dioxide and furfural, and observed their selective solvent action on the component hydrocarbons of the petroleum factions. Y. Tanaka, T. Kuwada and M. Aoki succeeded in lowering the critical solution temperatures of gasoline-94 per cent alcohol blends and in increasing their stability by adding some higher alcohols, such as cyclohexanel and terpineol.

H. Ishibashi prepared high-speed diesel fuel from the gas-oil faction of Fushun shale oil. He observed that the degree of refining the gas oil had a great influence on the combustibility of the product diesel oil. Thus he compared the combustibility of diesel oils produced by various refining methods. He adopted, as the refining methods, sulfuric acid washing, solvent refining, hydrogenation and hydrogenation followed by solvent refining. Among these, the last mentioned gave the best results.

The same author reported there was a certain relationship between the octane number of the cracked gasoline from shale oil and the cetane number of the cracked gas oil produced. That is, the sum of the above-said two values was in most cases approximately constant and amounted to 100-110.

N. Kishi, H. Sotokawa and T. Uyeda have studied the refining of the kerosene fraction of shale oil. They obtained water-white and stable kerosene by using the modified Edeleanu process in place of usual sulfuric acid washing. The kerosene fraction was treated with liquid SO^2 and further purified by alcohol-sulfuric acid mixture, and after filtration with Japanese acid clay and subsequent steam distillation, it became quite colorless and transparent. The authors, moreover, attempted to prepare gasoline and lube from the sulfur dioxide soluble fraction of the kerosene.

F. Horie and K. Morikawa studied the components of shale oil during several years. In a recent report, the components of the 200-240° C. fraction were observed. The fraction consisted of almost equal amounts of paraffins and olefins. Of the paraffins, n-C^{12} H^{26} and n-C^{13} H^{28} were isolated and identified, according to the *Journal of the Fuel Society of Japan.*

H. Kuwana and M. Imai of the Natural Gas Research Institute of the Taiwan Government-General, studied the thermal polymerization of natural gas. They investigated the best conditions of the heating time and the pipe diameter. They found a decrease of light oil and tar as pressure decreased.

Y. Konaka, of the South Manchuria Railway Co., continued his studies on the polymerization of ethylene at normal pressure. By Fe-Cu-U^3O^8 catalysys, he obtained 1.7 ccm. of liquid polymer from 18 liters of ethylene. As regards catalysts of the Ni series, by observing the phases of heat generation and the changes of volume, he detected the catalytic powers qualitatively, and found an Ni-Mn catalyst to be the best among them, and U^3O^8 or Al^2 O^3 as the best promoters. By measuring the heat of reactions and the reactivities of hydrogen, he observed the temperatures and the velocities of reduction and studied the relations between the activities of polymerization and states of reduction.

K. Shiomi and Iwamoto, of the Natural Gas Research Institute of Formosa, studied the formation of aromatic poor hydrocarbon oil from acetylene and hydrogen, and found the Co-Ni-$Cr.^2O^3$ catalyst to be the best, according to the *Journal.*

"Moral Embargo" Against Japan Now Includes Aluminum

A report in the magazine *Business Week* (Jan. 13) stated that the American moral "embargo" on shipments of essential war materials to Japan—and other aggressor nations—now included aluminum, regarded as a necessity in the construction of airplanes. Another metal necessary in the construction of airplanes, molybdenum, has also been banned by voluntary action of the Molybdenum Corporation of Denver, Colorado, which produces more than 80 per cent of the world's supply of the metal.

Articles, the shipment of which to Japan has definitely been banned, now include airplanes for military use, and all equipment and technical information necessary for the production of high standard gasoline of the kind required for high-speed military planes.

Materials which are still being sold to Japan in large quantities include heavy machinery (for a complete rolling mill), about half of Japan's raw cotton requirements, tremendous quantities of scrap-iron and copper and a big share of the petroleum products used by Japan's military establishment.

The writer of the article in *Business Week* expressed apprehension that a further extension of the American embargo might have the effect of throwing Japan and Russia together, thus precipitating a showdown in the Pacific. He said, "The material aid, either economic or military, that Russia can offer Tokyo may be unimportant, but the advantage for Japan of having Russia on her side secures Nippon's rear flank from Kamchatka to the border of French Indo-China . . This would be vital in case Japan tried a naval adventure in southeastern Asia or the Pacific."

Aside from this viewpoint, it has been rumored for some time that Germany's action in recently sending a number of high officials to Japan, including Rear-Admiral Paul Wenenker, former Commander of the Deutschland, was for the purpose of mediating between Japan and the Soviet Union.

Soviet-Finnish War Ends as Finns Accept Demands Of Moscow; Italo-British Coal Fight Also Settled

BERMUDA ELIMINATED FROM PAN-AMERICAN SCHEDULE

Pan-American Airways decided March 9, according to a United Press dispatch from Washington, to eliminate Bermuda as a stopover point on both the eastward and westward flights of their trans-Atlantic planes, this decision being due to the refusal of the British authorities at Bermuda to cease seizing American mails aboard the planes. Sumner Welles, President Roosevelt's roving ambassador (now in England), is reported to have told Prime Minister Chamberlain that American sympathy for the Allies was being alienated by British seizure of American mails.

THE Soviet-Finnish war, which began on Nov. 30 of last year, came to an end on Mar. 12 when a peace agreement was signed by the governments of Moscow and Helsinki. Hostilities have ceased on all the fronts. As these lines are being written, the full terms of the peace are not yet available, but such terms as are known leave no doubt that the U.S.S.R. has gained substantially what Finland refused to concede last November and perhaps more. The Karelian isthmus, together with the port city of Viipuri and the Mannerheim Line, go to the Soviets. Moscow has also secured the right to construct a naval and military base on Hangoe peninsula at the entrance to the Gulf of Finland. Petsamo, Finnish port on the Arctic, and the Petsamo nickel mines, may also have been ceded to the Soviets.

A number of interlacing factors have forced a conclusion of the conflict. Stalin's fear of involving the U.S.S.R. in a big war, with all the attendant risks of internal revolution, remains the dominating factor in Soviet foreign policy. Imminent large-scale intervention on the side of Finland by Britain and France caused the Soviet dictator to view immediate peace as desirable, all the more so because the war had already proved more costly than had been anticipated. Finland, on the other hand, had grown weary of a struggle against enormous odds and highly skeptical of the value of any Allied assistance that might be forthcoming.

Apart from this, Sweden had repudiated her obligations under Article XVI of the League Covenant, thereby serving notice on the Allies that she did not intend to allow use of her territory for moving Allied troops and supplies to Finland's aid. In acting thus, Sweden undoubtedly was submitting to German pressure. Sweden wishes to remain neutral. Had she permitted use of her territory by the Allies, she would have been attacked by Germany. Her neutrality would have ended. Norway would have been sucked into the conflict. All northern Europe would have been in the thick of war.

A statement by Prime Minister Chamberlain in the British House of Commons on Mar. 11 undoubtedly helped Finland to decide upon acceptance of Soviet terms. The Allies, he said, had informed Finland that they were prepared to proceed immediately to her aid "with all their available resources" if so requested. Such aid, he said, would be extended in accordance with Anglo-French obligations under the League Covenant. Replying to a question whether the large-scale aid contemplated would be tantamount to war with Soviet Russia, Mr. Chamberlain said that it had "not gone as far as that yet." In other words, it was to be aid with an important reservation.

Britain, of course, wishes to avoid an open embroilment with the U.S.S.R., for that would drive the U.S.S.R. and Germany closer together—perhaps into a military alliance against the Allies. Finland, on the other hand, is entitled to be skeptical of the value of Allied aid which is conditioned and restricted by Allied strategic aims. She therefore decided to conclude peace with the U.S.S.R. on Soviet terms. Her resolve was apparently not altered in the least by the Chamberlain statement or by a statement made by Premier Daladier in the French Chamber of Deputies on Mar. 12 that 50,000 French troops were being held in readiness to depart for Finland from a Channel port.

There has been more than one indication that the United States played some part in engineering the Soviet-Finnish peace. Finnish representatives who went to Moscow to negotiate with Soviet Foreign Commissar Molotov were accomodated in the American Embassy, while Lawrence Steinhardt, the American Ambassador in Moscow, was noticeably busy informing Washington of all developments in the peace parleys, which seem to have been concluded with extraordinary rapidity.

"Help Me Liberate Him"

Washington Post

The speed with which terms were arranged and an armistice proclaimed indicate that the desire to end the fighting was mutual, for the war has been enormously costly on both sides. Finland has lost territory but retained at least a semblance of her independence. Stalin has gained substantially what he sought in the first place. Diplomatic relations between Moscow and Helsinki, ruptured by Moscow on the eve of the Red Army's attack on Finland, have been restored *de facto*, and although nothing is known on this subject at the moment, it seems likely that the Soviet-created puppet Finnish Government, erected at Terioki under Otto Kuusinen when the war began, will be quietly "liquidated."

The diplomatic spotlight during the past week has been focused on the visit to Rome by Herr Von Ribbentrop, German Foreign Minister. Von Ribbentrop conferred at length with Premier Mussolini of Italy, his Foreign Minister, Count Ciano, and also was given a lengthy audience by the Pope in Vatican City. It was probably no coincidence that the British Government used the occasion of Von Ribbentrop's visit to Rome to settle the coal dispute with Italy. Thirteen Italian colliers, laden with German coal taken aboard at Rotterdam, were released with their cargoes from the contraband control station in The Downs and allowed to proceed to Italy. Prime Minister Chamberlain told the House of Commons that the British Government had agreed to release the 13 Italian colliers when it was found that Italy had been under a genuine misapprehension as to the date on which the Allies would enforce contraband control against maritime cargoes of German coal bound for Italian ports.

At the same time, it was announced that two other Italian colliers which had been proceeding to Rotterdam to load German coal would be diverted to an English

port, there to load British coal. An agreement has reportedly been reached between Britain and Italy that the latter will not henceforth purchase German coal which would have to pass through Allied blockade areas.

Despite British pressure, Italy is not yet prepared to break with Germany and join the Allies. While Von Ribbentrop was en route to Rome, the Italian press made this clear. Wrote the *Popolo di Roma*: "Herr Von Ribbentrop will find here the same atmosphere which has always greeted him during his not infrequent visits in the past, because nothing has changed in the sympathies of Fascist Italy toward the Reich, just as nothing has changed in the political ties between the two states."

Retreat to Moscow

Washington Daily News

Summer Welles, President Roosevelt's roving ambassador in Europe, arrived in London from Paris on Mar. 10 and has held conversations with Prime Minister Chamberlain and Foreign Secretary Lord Halifax. He was also scheduled to hold an audience with King George. In Paris he had conferred with Premier Daladier and other members of the French Cabinet and handed to the former a memorandum outlining President Roosevelt's conception of a new world economic order after peace has been concluded. So far it is not known whether Mr. Welles' mission has contributed anything toward restoration of peace in Europe.

Britain, meanwhile, is preparing for a war of long duration. On Mar. 5, Sir John Simon, Chancellor of the Exchequer, announced Britain's first war loan, limited to £300,000,000. The term of the loan was set at between 15 and 19 years, with interest at three per cent—in other words, the future generation of Britons is already being mortgaged to pay for the impending slaughter.

On Mar. 8, the British Government called 250,000 new reserves to the colors. These are men of 23 years who registered Feb. 17 and they were to be absorbed into the regular army within two weeks. Meanwhile, a new class, the men of 24 years and numbering about 300,000, were to register for military duty on Mar. 9.

Chancellor Hitler made a speech in Berlin on Mar. 10 on the occasion of the annual memorial for Germany's war dead. The present European conflict, he said, would decide the fate of Germany for centuries to come. The German Fuehrer expressed his determination to think of nothing but victory and to fight, work and if necessary die in achieving it.

THE PEACE TERMS

Following are the terms of the Soviet-Finnish peace treaty signed in Moscow on March 12 as cabled by the Moscow correspondent of United Press:—

"1. Military operations between Soviet Russia and Finland will halt at once in accordance with the attached protocol.

"2. Two new state frontiers will be fixed on a new line according to which the following territories will be included in Soviet Russia—the whole Karelian Isthmus, with the city of Viipuri, the whole of Viipuri Bay with its islands, territory west and north of Lake Ladoga, including the city of Kegxholm, Sortavala, the territory north of Merkajaervi and Kuoliarvi and a number of islands in the Gulf of Finland. The precise line of the frontier will be fixed by a joint commission within 10 days of the signing of the treaty.

"3. Both countries will give a pledge of non-aggression against each other, not to conclude any alliances or participate in coalitions directed against the other signatory.

"4. The Finn Republic must give on lease the Peninsula of Hangoe to Soviet Russia for 30 years and the area five miles south and east of Hangoe and three miles west and north of Hangoe with all the islands which are situated in this area against a yearly payment of 8,000,000 Finnish marks. Finland agrees to the establishment there of a military base for protective purposes in accordance with which Soviet Russia has the right to place there a number of troops. Finland must clear the Hangoe peninsula of all its troops within 10 days, after which Hangoe comes under Soviet Administration.

"5. Soviet Russia agrees to withdraw all her troops from the Petsamo area, which was given to Finland in accordance with the peace treaty of 1920. Finland must abstain from keeping in the waters of Petsamo any warships larger than 100 tons, but has the right to keep there not more than 15 war vessels up to 400 tons each, which is in accordance with the peace treaty of 1920. Finland, in compliance with the same treaty, has no right to keep there any submarines or war aircraft and no right to build naval bases or naval shipyards other than is necessary for the upkeep of her ships situated there.

"6. Soviet Russia and her citizens have the right of free transit through the Petsamo region into Norway and back and the establishment of a consulate at Petsamo. Goods from Soviet Russia to Norway, or from Norway to Soviet Russia are to be sent through Petsamo free from control and free from transit duties. Soviet citizens going to Norway or returning from Norway have the right of free transit on the basis of their passports. Soviet non-military planes will obtain the right of free movement over the Petsamo region for communication between Russia and Norway.

"7. Finland agrees to grant territory between Russia and Sweden by the shortest route for a new railway to be built jointly by both countries, possibly during 1940 between Kandalashka and Kenjijarvi.

"8. With the signing of this treaty both countries renew economic relations and undertake the negotiation of a treaty.

"9. This treaty comes into force at once and is to be ratified. The exchange of ratification notes must take place not later than 10 days after signing at Moscow. The treaty is made in two originals, each in the Russian, Finnish and Swedish languages."

Secret Agreements

Nanking Puppets' Sell-Out

Kuo Min News Agency

PREFATORY

Copies of several secret agreements concluded with the Japanese authorities in 1938 by Liang Hung-chih, President of the Executive Yuan of the puppet "Reformed Government" at Nanking, were sent to Chungking for publication in the local newspapers by Kao Tsung-wu and Tao Hsi-sheng, heretofore close associates of, but who have since severed their connection with, Wang Ching-wei, expelled Deputy General Executive of the Kuomintang.

According to Messrs. Kao and Tao, the original texts of the secret agreements between the Reformed Government and the Japanese authorities were shown by the Japanese Special Service Section to Wang Ching-wei and "recognized" by the latter before he signed a secret agreement with the Japanese authorities in Shanghai on Dec. 30 last year. (Text of that agreement was published in *The Review* on Feb. 3, 1940).

Messrs. Kao and Tao recalled that Article 2 of the "Primary Principles" in the "Outline Governing Readjustment of New Sino-Japanese Relations," concluded by Wang Ching-wei with the Japanese, provided as follows:—

"*Faits accomplis* before the restoration of normal relations between the two countries as the result of the incident (hostilities) shall be recognized and gradually readjusted in accordance with developments in the situation and in conformity with the above-mentioned General Principles."

They further pointed out that Article 3 of Annex 1 on "General Principles governing readjustment of New Sino-Japanese Relations," attached to the "Outline Governing Readjustment of New Sino-Japanese Relations," provided as follows:—

"A zone for close Sino-Japanese economic cooperation shall be established in regions along the lower reaches of the Yangtsze River."

Messrs. Kao and Tao also assert that the various secret agreements concluded by Liang Hung-chih with the Japanese authorities are the "*faits accomplis*" referred to in the Wang-Japanese agreement, and that the aim of the various Liang Hung-chih agreements is to create "a zone for close Sino-Japanese economic cooperation in regions along the lower reaches of the Yangtsze River."

Such cooperation, it is pointed out, includes control over capital resources, mining enterprises, railways, aviation, telegraph and telephone administration, water and electric supply, and municipal reconstruction in Central China. The methods of such cooperation are not only monopolistic but also anti-foreign; not only deceptive but also aggressive; not only economic but also military in character.

The following is a translation of documents covering eight different kinds of secret agreements concluded at Nanking by Liang Hung-chih with the Japanese authorities:

I. AGREEMENT FOR MONOPOLIZING RESOURCES OF NATIONAL DEFENCE

OUTLINE RELATING TO DISPOSAL AND EXPLOITATION OF MINERAL RESOURCES, VITAL TO NATIONAL DEFENCE, IN CENTRAL CHINA.

GUIDING PRINCIPLE: In order to cope with prolonged resistance by the National Government and carry out a program of protracted reconstruction, plans should be speedily formulated for exploitation of mineral resources, vital to national defence, in Central China.

IMPORTANT ITEMS: 1. Investigations should be speedily conducted into the following mineral resources which are vital to national defence; concrete plans for the investigations should be speedily drawn up by the Reformed Government and the local Japanese authorities:—

Iron, copper, lead, zinc, tin, antimony, manganese, molybdenum, tungsten, nickel, aluminum, coal and petroleum.

2. Existing resources, vital to national defence, and important mineral resources newly discovered during investigations referred to in the preceding Article, shall be temporarily exploited by the (Japanese) Central China Iron and Mining Corporation (*Hua-Chung Tieh Kwang Ku-Fen Kung-Ssu*).

3. The Reformed Government, in order to prevent disintegration of its mining rights in mineral resources which are vital to national defence and which are referred to in Article 1, shall immediately revise all relevant laws and ordinances and take other necessary measures.

REMARKS: 1. The Reformed Government and the local Japanese authorities, in accordance with the provisions of this Outline, shall cooperate with each other in enforcement (of the plans).

2. Comprehensive and detailed measures shall be separately decided upon by the Chinese and Japanese authorities.

(Dated) November 30 of the 13th year of Showa, equivalent to November 30 of the 27th year of the Republic (of China) (1938).

This document is made out in quintuplicate (five copies) of the same form, (one copy) being entrusted respectively to the permanent custody of the Special Service Department of the (Japanese) Army; the Special Service Department of the (Japanese) Navy; the (Japanese) Consulate-General in Shanghai; the Executive Yuan and the Ministry of Industry (of the Nanking "Reformed" Government).

(The agreement bears the seals and signatures of Liang Hung-chih, "President of the Executive Yuan"; the Director of the Special Service Section of the Japanese army; Wang Tzu-hui, "Minister of Industry"; the Director of the Special Service Department of the Japanese Navy; Shen Neng-I, "Vice-Minister of Industry"; and the Japanese Consul-General in Shanghai.)

II. AGREEMENT FOR EXPLOITING AND CONTROLLING IRON MINES.

OUTLINE RELATING TO ESTABLISHMENT OF CENTRAL CHINA IRON AND MINING CORPORATION, LTD. (HUA-CHUNG TIEH KWANG KU-FEN YU-HSIEN KUNG-SSU).

1. The aim of the Corporation is to exploit and control the iron mines in Central China.

2. The Corporation shall be established in accordance with the following measures:—

(a). The Corporation shall be inaugurated in accordance with the Regulations adopted by its promoters.

(b). The Corporation shall be established with capital paid in cash. However, mines may be regarded as capital as soon as their value is fixed after investigations. They may also be regarded as increased capital of this Corporation. Chinese shareholders will be encouraged to participate in the business of the Corporation, so as to make it a genuine Sino-Japanese joint corporation.

(c). The preliminary paid-up capital of the Coporation shall be one-fourth of $10 millions, of which $275,000 it is hoped, will be contributed by the Chinese. (A sum of $61,250 will be temporarily advanced by the Japanese.)

(d). The head office of the Corporation will be established on April 8.

3. Mines (mountains) which will be first placed under the control and operation of this Corporation are as follows:—

(a). Nan Shan, Hsiaoku Shan and other mines (mountains) of the Fu Li Min Corporation.

(b). Tavao Shan and other iron mines (mountains) of the Pao Hsin Corporation.

(c). Huangmei Shan, Huchi Shan and other mines (mountains) of the I Hwa Corporation.

(d) Chung Shan and other mines (mountains) of the Chu Yeh Corporation.

(e). The various iron mines (mountains) at Kaotzu (in Kiangsu).

(f). Chingniu Shan and other mines (mountains) of the Chang Cheng Corporation.

(g). Fenghuang Shan and other mines (mountains) of the Mo Ling Corporation.

(h). The various iron mines at Sanshanchen (in Anhwei) and in other occupied areas.

4. *Mining Plans:* The output of the Corporation during the first year is fixed at one million tons. In each of the subsequent years, it will be increased by an additional million tons. The output for the 5th year is fixed at 5 million tons.

REMARKS: No Chaiman and Vice-Chairman of the Board of Directors of the Corporation (the Director-General and Deputy Director-General of the Corporation) shall, for the time being, be elected and apointed.

Members of the Standing Committee of the Board of Directors shall constitute the Directing Organ of the Corporation.

The number of Directors who will attend to technical affairs will be gradually increased.

The Chinese authorities shall recommend Yuan Nai-kuan, Director-General for Sino-Japanese Industrial Enterprises, for appointment as a member of the Board of Directors; they shall recommend another person for appointment as a member of the Board of Supervisors.

When mines (mountains) are regarded as capital of the Corporation, the Chinese may recommend persons for appointment to the post of viee-chairman of the Board of Directors and to other posts.

(Dated) August 9 of the 13th year of Showa, equivalent to the 27th year of the Republic of China (August 9, 1938).

(The agreement bears the seals and signatures of the Director of the Special Service Section (of the Japanese Army); the "Chief of the Reconstruction Section," the "Minister" and "Vice-Minister of Industry" of the Nanking "Reformed Government").

III. RAILWAY AGREEMENTS

A. AGREEMENT RELATING TO THE CENTRAL CHINA RAILWAY CORPORATION, LTD. (HUA-CHUNG TIEH-TAO KU-FEN YU-HSIEN KUNG-SSU).

With a view to the speedy restoration and preparation (rehabilitation) of communications in Central China and for increasing the conveniences (travel facilities) of the Corporation, the Central China Liaison Officer of the China Development Council of the Great Japanese Empire (hereinafter to be referred to simply as Liaison Officer) and the Reformed Government of the Republic

of China (hereinafter to be referred to simply as the Reformed Government) have concluded the following agreement:—

Article 1.—The Reformed Government shall order the Central China Railway Corporation, Ltd. (hereinafter to be referred to simply as the Corporation) to manage (all affairs relating to) railway construction and operation in Central China whose aim is to maintain general transportation; and (all affairs relating to) operation of motor (omnibus) transportation along the main routes. No (railway or motor transport) enterprises other than those undertaken by the Corporation shall be recognized.

Article 2.—The Reformed Government shall secure the prior concurrence of the Liaison Officer in the following acts directly concerning the business of the Corporation:—

(a). Conclusion, revision or abolition of treaties and agreements.

(b). Transfer, lease or mortgage of State properties.

Article 3.—The Reformed Government, with the concurrence of the Liaison Officer, in order to attain the objectives of this Agreement, the Basic Outline relating to the Establishment of Communication Companies under this agreement, and the Outline relating to the Establishment of the Central China Railway Corporation, Ltd., attached to this agreement, shall enact necessary laws and ordinances and have them enforced. The above-mentioned laws and ordinances shall also be revised or abolished (only) with the concurrence of the Liaison Officer.

Article 4.—The Reformed Government shall first consult the Liaison Officer before dealing with old loans, and rights and interests concerning State Railways.

Article 5.—This Agreement shall come into force on the day of inauguration of the Central China Railway Corporation, Ltd.

This agreement shall be made in both Japanese and Chinese. The Liaison Officer and the Reformed Government shall each keep an original (copy) in Japanese and in Chinese respectively. In case a difference of opinion should arise in the interpretation of the Japanese and Chinese texts of this Agreement, the interpretation shall be based on the Japanese text.

(Dated) April 30 of the 14th Year of Showa, equivalent to April 30 of the 28th Year of the Republic of China (April 30, 1939).

(The agreement bears the signatures and seals of the Liaison Officer for Central China of the Japanese China Development Council and Liang Hung-chih, "President of the Executive Yuan of the Reformed Government of the Republic of China.").

B. OUTLINE RELATING TO ESTABLISHMENT OF THE CENTRAL CHINA RAILWAY CORPORATION, LTD. (HUA-CHUNG TIEH-TAO KU-FEN YU-HSIEN KUNG-SSU).

1. *GUIDING PRINCIPLE:* To facilitate economic rehabilitation and maintenance of peace and order in Central China and rationalize railway enterprises in Central China, a Central China Railway Corporation, Ltd. shall be speedily established as a special corporation of the Reformed Government of the Republic of China.

2. *IMPORTANT ITEMS:* (*a*). *Name*:—The Corporation shall be named the Central China Railway Corporation, Ltd.

(*b*). *Aims*:—1). Operation of Railway enterprises.

2). Operation of motor (omnibus) transportation enterprises.

3). Operation of enterprises related to the foregoing enterprises:

This Corporation may invest capital in enterprises related to the above-mentioned enterprises or may, after approval by the Government, operate such related enterprises. State railways (including the Kiang-nan Railway) and other enterprises related thereto shall be operated by this Corporation in accordance with other provisions.

(*c*). *Capital*:—The total capital of the Corporation is fixed at $50 millions, covering:—

$10 millions contributed by the Reformed Government of the Republic of China.

$25 millions contributed by the Central China Development Corporation, Ltd. (*Hua Chung Cheng-Hsing Ku-Fen Yu-Hsien Kung-Ssu*)—including $7,640,000 in the form of assets.

$15 millions from other sources.

REMARKS:—1). A portion of the capital shall be paid in the form of assets, and one-fourth of the shares in cash shall be paid during the first payment.

2). Any amount lacking in that other portion of the capital,—"$15 millions contributed from other sources,"—shall be paid by the Development Corporation.

(*d*). *Nationality and Location of the Corporation*:—

This Corporation shall be a special juridical person of the Reformed Government. This Corporation shall be established in Shanghai.

(*e*). *Officers*:—

This Corporation shall have a Chairman of the Board of Directors (Director-General), a Vice-Chairman of the Board of Directors (Deputy Director-General), three or more Directors, and not more than two Supervisors. The tenure of office of the Chairman and Vice-Chairman of the Board of Directors shall be four years; that of the Directors three years; and that of the Supervisors two years.

(*f*). *Centralized Control*:—

The Government shall refuse to recognize (any) railway enterprises and motor (omnibus) transportation enterprises along the main routes, whose aim is general transportation in Central China, except those operated by this Corporation.

(*g*). *Special Privileges*:—

The Government shall confer the following special privileges on this Corporation:—

1). (The Government) shall exempt the assets, income and business, and the registration of agreements concluded by this Corporation, from taxation; and shall exempt this Corporation from payment of all other public taxes.

2). (The Government) shall confer all necessary rights and privileges on the Corporation regarding the use of land and other assets or the exercise of rights and privileges necessary for the business of the Corporation, as well as the purchase (acquisition) of similar business enterprises (by the Corporation).

3). (The Government) shall exempt land and other assets, as well as rights and interests, related to the business of the Corporation, from taxation.

4). (The Government) shall confer special privileges on the Corporation regarding exclusive telegraph and telephone facilities.

5). The Corporation shall have the right to issue loans (up to) three times the amount of its paid-up capital.

6). (The Government) shall guarantee the amortization of loans issued by the Corporation, including the payment of principal and interest.

(*h*). *Government Supervision*:—

The following matters shall be approved by the Government:

1). Revision of important provisions of the Corporation's Regulations.

2). The issue of loans of the Corporation, guaranteed by the Government.

3). Decisions regarding the amalgamation or dissolution of enterprises of the Corporation.

4). The selection, appointment and dismissal of the Chairman and Vice-Chairman of the Board of Directors.

(*i*). *Disposal of Loans*:—

With reference to railway loans, this Corporation shall take appropriate measures regarding loan agreements to be concluded in the future between the Government and creditors, so that this Corporation may pay the Government a fixed sum of money.

(*j*). *Motor transpor ation* enterprises undertaken by the Corporation shall not include omnibus services in cities. (As a general principle, they shall include the operation of omnibus services in the vicinity of cities.) However, this restriction shall not apply in the case of omnibuses of this Corporation which enter cities in order to maintain communications between the cities and neighboring districts.

(*k*). *Exclusive telegraph and telephone* facilities for this Corporation shall be granted in accordance with (the policy of) close cooperation between this Corporation and the Central China Telegraph and Telephone Corporation, Ltd.

(*l*). *Inauguration*. In order that it may be inaugurated speedily, this Corporation shall be established in accordance with the Regulations adopted by its promoters. However, at an appropriate time in the future, (the shares of) this Corporation shall be opened to the public, so that the masses of the population may also become shareholders of this Corporation.

IV. AVIATION AGREEMENT

OUTLINE RELATING TO ESTABLISHMENT OF THE CHINA AVIATION CORPORATION, LTD. (CHUNG-HUA HANG-KUNG KU-FEN YU-HSIEN KUNG-SSU).

1. *GUIDING PRINCIPLE*: To devise comprehensive plans for the exclusive operation of aviation enterprises in China, fulfil political, economic and national defence requirements, and hasten the realization of the East Asia Aviation Policy, a regular aviation corporation shall be jointly established by China and Japan. To fulfil the present urgent requirements, a China aviation Corporation, Ltd., shall be temporarily established.

2. *IMPORTANT ITEMS*:

(A). *Name*:—

The Corporation shall be named the China Aviation Corporation, Ltd.

(B) *Aims of the Enterprise*:—

1. Air transportation of passengers, mails and other cargoes.
2. Lease of airplanes.
3. Other enterprises connected with the use of airplanes.
4. Promotion of aviation enterprises.
5. Auxiliary enterprises related to the foregoing enterprises.
6. Capital investment in the foregoing enterprises.

(C) *Capital*:—

1. The total capital of the Corporation is fixed at $6 millions.
2. Distribution of capital:

The provisional Government (at Peiping) of the Republic of China shall contribute $1,800,000.

The Reformed Government (at Nanking) shall contribute $2 millions.

The Mongolian Frontier Government shall contribute $200,000.

The Hui Tung Aviation Corporation shall contribute $1 million (full amount to be paid up in the form of assets).

The Great Japan Aviation Corporation shall contribute $1

million (full amount to be paid up in the form of assets).

REMARKS: 1. Of the $1 million contributed by the Hui Tung Corporation, $500,000 shall be nominally altered, after inauguration of this Corporation (the China Aviation Corporation, Ltd.) into (a contribution from) the Provisional Government; and the other $500,000 shall be nominally altered into (a contribution from) the Great Japan Aviation Corporation.

2. With reference to capital in cash, half of the amount shall be first paid; and the remainder shall be paid within six months after inauguration of the Corporation.

(*D*). *Legal Status and Location of the Corporation*:—

This Corporation shall be established as a juridical person in accordance with the agreement concluded by the Provisional, Reformed and Mongolian Frontier Governments. Its capital shall be jointly contributed by Japan and China. The head office of this Corporation shall be temporarily established in Peking (Peiping).

(*E*) *Officers*:—

This Corporation shall have a Chairman of the Board of Directors, a Vice-Chairman of the Board of Directors, a number of Directors and a number of Supervisors.

(*F*) *Special Privileges Conferred by the Three Governments on this Corporation*:—

1. Monopolies over aviation enterprises (including airplane manufacturing enterprises) in the Republic of China.

However, separate provisions shall be made for the existing air transportation enterprises undertaken by the Great Japan Aviation Corporation and the Manchurian Aviation Corporation.

2. Exclusive use of State aerodromes.

3. Exemption of articles indispensable to aviation enterprises from payment of Customs duties and all other public taxes.

4. The right of Eminent Domain (expropriation of land) and all other special privileges conferred on similar public enterprises.

5. Exclusive operation of communication signals and broadcasting facilities indispensable to aviation enterprises.

6. Necessary subsidies shall be conferred on this Corporation by the three Governments and other quarters. Government subsidies shall be determined on the basis of exemption from Customs Duties and other public taxes.

7. This Corporation may increase its capital before the entire amount of the capital represented by shares is paid.

(*G*) *Special Supervision and Obligations*:—

This Corporation shall submit to special supervision in accordance with the Aviation Enterprises Law and other laws and ordinances to be promulgated in the future, and shall obey the public welfare laws and ordinances promulgated by the three Governments.

(H) The Army and Navy of Great Japan shall supply the Corporation with personnel and supplies, and grant the use of aerodromes, and shall give the Corporation all necessary assistance in the operation if its business.

(I). The regular aviation corporation, referred to in Article 1 on the Guiding Principle, shall be speedily established. During its establishment, this (regular) corporation shall not be restricted by the provisions relating to capital, organization, personnel and location of the provisional Corporation. This Corporation shall speedily absorb the Hui Tung Corporation. The head office of this Corporation shall be inaugurated in Peking on Dec. 15.

(Dated) Dec. 10 of the 27th year of the Republic of China, equivalent to Dec. 10 of the 13th year of Showa (December 10, 1938).

(Signed and sealed by) the Director of the Special Service Section (of the Japanese Army); the Chief of the Construction Section (of the Ministry of Industry); and the Minister of Communications (of the Nanking Reformed Government).

This agreement shall be made in duplicate. One copy shall be preserved by the Special Service Section and the other by the Ministry of Communications.

V. ELECTRIC TELEGRAPH COMMUNICATIONS AGREEMENT

OUTLINE RELATING TO ESTABLISHMENT OF THE CENTRAL CHINA ELECTRIC TELEGRAPH COMMUNICATIONS CORPORATION, LTD. (HUA-CHUNG TIEN-CHI TUNG-HSIN KU-FEN YU-HSIEN KUNG-SSU).

1. *GUIDING PRINCIPLE*: In order to facilitate economic recovery in Central China, fulfil the requirements of national defence and enforce a joint electric telegraph communications policy for Japan, Manchukuo and China, the Central China Electric Telegraph Communications Corporation, Ltd. shall be established as a special corporation of the Reformed Government.

2. *IMPORTANT ITEMS*: (*A*) *Name*:— The Corporation shall be named the Central China Electric Telegraph Communications Corporation, Ltd.

(*B*) *Aims*:— 1. Control and operation of electric telegraph communications enterprises in Central China.

2. Lease of electric telegraph communications equipment.

3. Capital investment in auxiliary enterprises, and enterprises related to the foregoing.

(*C*) *Capital*:— 1. The total capital of the Corporation is fixed at $15 millions, including $5 millions in assets and $10 millions in cash, contributed by the Reformed Government.

2. The capital in assets shall be paid in full. One-half of the amount of the capital in cash shall be paid as the first instalment.

REMARKS: 1. Capital in assets denotes electric telegraph communications equipment and accessories for public use, possessed by the Reformed Government. The assets ahall be assessed according to their original value.

2. Of the capital in cash, $6 millions shall be contributed by the Central China Development Corporation, Ltd., and the remaining $4 millions by corporations of (engaged in) related enterprises.

(*D*) *Nationality and location of the Head Office*:—

This Corporation is a special corporation of the Reformed Government. The head office of the Corporation shall be established in Shanghai.

(*E*) *Officers*:—

The Corporation shall have a Chairman of the Board of Directors (Director-General), a Vice-Chairman of the Board of Directors (Deputy Director-General), three or more (a minimum of three) Directors, and not more than two Supervisors.

(*F*) *Important Items Relating to Centralized Control*:—

The Reformed Government shall recognize no electric telegraph communications enterprises except those of this Corporation; and shall adopt speedy measures, after inauguration of this Corporation, by means of amalgamation, purchase and other methods to cause existing similar enterprises, other than those owned by the State, to come under the control of this Corporation.

(*G*) *Special Privileges*:—

1. This Corporation shall be permitted to issue (float) loans (to the extent of) not more than two times the amount of its paid-up capital. Payment of interest and principal of the loans shall be guaranteed (by the Government).

2. Dividends shall be first paid to (shareholders) individuals other than the Reformed Government.

3. The assets, income and the registration of agreements concluded by this Corporation, and the necessary supplies required by the public and private enterprises, shall be exempted from all public taxes and levies.

4. This Corporation shall have the right to expropriate land, to instal electric wires, to use highways, rivers, bridges, dykes and other public land (for the erection of telegraph lines). The Corporation shall also have the right to impose levies necessitated by telegraph enterprises.

(*H*) *Special Obligations*:—

The Reformed Government may issue necessary orders to this Corporation, for the public welfare. It may also take appropriate measures regarding the equipment of this Corporation, for the public welfare. Losses suffered (by the Corporation) in consequence of such measures shall be compensated by the Reformed Government.

(*I*) *Disposal of Loans*:—

In anticipation of telegraph loans and reorganization agreements that may be concluded in the future by the Reformed Government with foreign countries, this Corporation shall take appropriate measures in order to pay the Reformed Government a certain amount of money to be decided after consideration.

REMARKS: (A) The policy regarding (electric telegraph communications) facilities for railway and aviation enterprises and those for the use of the police, shall be fixed later after careful deliberation by the various quarters concerned.

(B) For the time being, broadcasting radio-telephones shall not be operated by this Corporation. At an appropriate time in the future, they may be placed under the operation of this Corporation.

(C). In order to facilitate the speedy inauguration of this Corporation, the method of public subscription of shares shall not be adopted. (Shares of) this Corporation shall be temporarily established (subscribed) in accordance with the Regulations adopted by the promoters of the Corporation.

(Dated) August 10 of the 13th year of Showa, equivalent to the 27th year of the Republic of China (August 10, 1938).

(Seals of) the Chief of the Special Service Section (of the Japanese Army); the Chief of the Construction Section (of the Ministry of Industry); the Minister of Communications and the Vice-minister of Communications (of the Nanking Reformed Government).

VI. WATER AND ELECTRICITY AGREEMENT

OUTLINE RELATING TO ESTABLISHMENT OF THE CENTRAL CHINA WATER (WORKS) AND ELECTRIC (POWER) CORPORATION, LTD. (HUA-CHUNG SHUI TIEN KU-FEN YU-HSIEN KUNG-SSU).

1. *GUIDING PRINCIPLE*: In order to restore the development of electrical and water enterprises in Central China, exercise centralized control over these enterprises, ensure an abundant supply of water and electricity of good quality at low rates, elevate the standard of living of the people and facilitate the development of productive enterprises, the Central China Water Works

and Electric Power Corporation, Ltd., shall be established as a special corporation of the Reformed Government.

2. *IMPORTANT ITEMS*: (A). *Name*:—The Corporation shall be named the Central China Water (Works) and Electric (Power) Corporation, Ltd.

(*B*) *Aims*:—1. Supply of electricity and water.

2. Operation of auxiliary enterprises related to the foregoing enterprises.

(*C*) *Capital*:—1. The total capital of the Corporation is fixed at $25 millions, including $15 millions in assets and $10 millions in cash. At the time of its inauguration, the Corporation shall limit its enterprises to those in the Municipality of Shanghai and its vicinity. The Corporation shall participate in the enterprises undertaken by the following corporations (companies):—

Shanghai Chinese Merchant's Electricity Company.
Chapei Water Works and Electricity Company.
Pootung Electricity Company.
Hsiang Hua Electricity Company.
Chenju Electricity Company.
Tazang Electricity Company.
Inland Water Works Company.
Pootung Water Works Company.

2. The capital in assets shall be paid in full. One-half of the amount of the capital in cash shall be paid as the first instalment.

REMARKS: 1. The capital in assets shall be assessed according to their present value.

2. Of the capital in cash $7,500,000 shall be contributed by the Central China Development Corporation, Ltd., and the remaining $2,500,000 by general shareholders.

(*D*) *Nationality and Location of the Head Office*:—

This Corporation is a special juridical person of the Reformed Government. The head office of the Corporation shall be established in Shanghai.

(*E*) *Important Items Relating to Centralized Control*:—

1. The Reformed Government shall recognize no new electricity and water (works) enterprises except those of this Corporation, and shall give the Corporation necessary assistance for amalgamating similar enterprises not under the existing centralized control, with a view to bringing them under the control of this Corporation.

2. Aside from special cases in which surplus electricity is utilized, the generation of electricity for private use shall not be recognized (permitted).

3. The generation and transmission of electricity shall be undertaken entirely by this Corporation.

(*F*) *Special Privileges*:—

1. This Corporation shall be permitted to issue (float) loans to the extent of) not more than two times the amount of its paid-up capital. Payment of interest and principal of the loans shall be guaranteed (by the Government).

2. Exemptions from Taxation:—

(a) Exemption of important machinery necessary for rehabilitation from payment of Customs duties for a period of three years.

(b) Exemption from payment of the Registration tax.

(c) Exemption from local taxes and public taxes other than State livies.

(d) (The Government) shall confer on this Corporation special privileges necessary for development of its enterprises, such as the right to expropriate land.

(*G*) *Special Obligations*:—

The Reformed Government may issue necessary orders to this Corporation, for the public welfare. It may also take appropriate measures regarding the equipment of this Corporation, for the public welfare. Losses suffered (by the Corporation) in consequence of such measures shall be compensated by the Reformed Government.

REMARKS: In order to facilitate the speedy inauguration of this Corporation, the method of public subscription of shares shall not be adopted. (Shares of) this Corporation shall be temporarily established (subscribed) in accordance with the Regulations adopted by the promoters of the Corporation.

(Dated) August 9 of the 13th Year of Showa, equivalent to August 9 of the 27th Year of the Republic of China (August 9, 1938).

(Seals of) the Chief of the Special Service Section (of the Japanese Army); the Chief of the Construction Section (of the Ministry of Industry): the Minister of Industry and the Vice-Minister of Industry (of the Nanking Reformed Government).

VII. SHANGHAI LAND AGREEMENT

OUTLINE RELATING TO ESTABLISHMENT OF THE SHANGHAI REAL ESTATE CORPORATION, LTD. SHANGHAI HENG-CHAN KU-FEN YU-HSIEN KUNG-SSU).

1. *GUIDING PRINCIPLE*:

In order to direct the operation of city and port construction enterprises in the vicinity of Shanghai and exercise control over immovable properties related thereto, the Shanghai Real Estate Corporation, Ltd., shall be established.

2. *IMPORTANT ITEMS*:

(*a*) *Name*:—The Corporation shall be (temporarily) named the Shanghai Real Estate Corporation, Ltd.

(*b*) *Business Enterprises*:—

The Corporation shall operate the following enterprises in the vicinity of Shanghai:—

1. City construction undertakings.
2. Port construction undertakings
3. Purchase, sale, lease, utilization and control of land and buildings.
4. Trust enterprises (companies) relating to immovable properties.
5. Auxiliary undertakings related to the foregoing.

REMARKS: Any person securing a 20-year land lease granted by this Corporation must first secure the recognition (approval) of the Corporation before transferring the lease or concluding a new agreement for the transfer of the lease.

(*c*) *Capital*:—The total capital of the Corporation is fixed at $30 millions. However, at an appropriate time after inauguration of the Corporation, it may be increased by $10 millions. The initial capital of the Corporation amounting to $20 millions shall be contributed according to the following proportions:—

$10 millions (in assets) shall be contributed by the Reformed Government.

$5 millions (in cash) shall be contributed by the Central China Development Corporation, Ltd.

$5 millions (in cash) shall be contributed by Japanese people (Japanese civilian shareholders).

The capital in assets shall consist of State properties of the Reformed Government. The capital in assets shall be paid in full. One-half of the amount of the capital in cash shall be paid as the first instalment.

(*d*) *Nationality and location of the Head Office*:—

This Corporation is a special corporation of the Reformed Government. The head office of the Corporation shall be established in Shanghai.

(*e*). *Officers*:—

This Corporation shall have a Chairman of the Board of Directors (Director-General), a Vice-Chairman of the Board of Directors (Deputy Director-General), two or more Directors, and not more than two Supervisors. The tenure of office of the Chairman and vice-Chairman of the Board of Directors shall be four years; that of directors three years; and that of Supervisors two years.

(*f*) *Special Privileges*:—

The Reformed Government shall confer the following special privileges on this Corporation:—

1. (The Government) shall permit the Corporation to expropriate land required for city and port construction undertakings and auxiliary enterprises related thereto.

2. (The Government) shall permit the Corporation to impose levies on those benefited by (improvements in) city and port construction undertakings and auxiliary enterprises related thereto.

3. (The Government) shall exempt from payment of rent such portions of the land possessed by this Corporation for which no lease agreements have yet been concluded.

4. (The Government) shall permit this Corporation to increase its capital before the entire amount of capital represented by shares is paid.

5. (The Government) shall permit the Corporation to issue lottery loans (Premium Bonds?) (which shall not exceed $100 millions).

6. On the basis of the future condition of the capital of the Corporation, (the Government) shall permit the Corporation to issue Lottery tickets.

7. Payment of interest and principal of lottery loans (Premium Bonds?) issued by the Corporation shall be guaranteed by the Government.

8. Shareholders other than the Reformed Government shall have priority in payment of dividends at the rate of six per cent per annum.

9. In the event of the dividend for shareholders, other than the Reformed Government, falling short of six per cent per annum, the deficit shall be made up (by the Government).

REMARKS: Any surplus, (after payment of) dividend to shareholders at the rate of six per cent per annum, shall be used to repay (the Government for previous advances made for) deficits in dividends.

(*g*) *Government Supervision and Special Obligations*:—

1. The Reformed Government shall supervise the business of this Corporation.

2. This Corporation, on the basis of plans drawn up by the Shanghai City (Municipal) Construction Bureau and under the supervision of the Bureau, shall carry out projects for municipal and port constrcution.

3. Land required for municipal and port construction undertakings and auxiliary enterprises related thereto shall, as a general principle, be first acquired by the Reformed Government and turned over by it to this Corporation. With reference to the purchase of land referred to above, the matter (transactions) shall be attended

to by this Corporation under the supervision of the Reformed Government.

REMARKS: In payment for the purchase price of land, this Corporation shall hand to the Reformed Government (the equivalent in) loan bonds issued by the Corporation. The Reformed Government shall transmit the bonds to the land-owners.

4. In order to promote city (municipal) and harbor construction, no compensation, as a general principle, shall be made to the Reformed Government for public works, such as roads and parks, necessary for city (municipal) and port construction undertakings.

5. The following matters shall be submitted to the Reformed Government for approval:—

a. Selection, appointment and dismissal of the Chairman and Vice-Chairman of the Board of Directors.

b. Alteration of important provisions of the bye-laws of this Corporation.

c. Issue of lottery loans (Premium Bonds ?) by the Corporation.

d. Issue of lottery tickets.

e. Allotment of dividends.

f. Resolutions regarding the amalgamation or dissolution of enterprises of the Corporation.

g. Other important matters concerning enterprises undertaken by this Corporation.

REMARKS: In case the Reformed Government should deem it difficult or, for other reasons, impossible to grant permission for the Corporation to issue Lottery Loans (Premium Bonds ?), it shall, however, authorize the Corporation to issue Lottery tickets or adopt other measures, in conjunction with the Japanese authorities, with a view to raising the necessary funds for the operation of enterprises undertaken by the Corporation.

REMARKS: In order to facilitate the speedy inauguration of this Corporation, the method of public subscription of shares shall not be adopted. (Shares of) this Corporation shall be temporarily established (subscribed) in accordance with the Regulations adopted by the promoters of the Corporation. However, in case of an increase in the capital of the Corporation in future, shares shall be publicly offered (for subscription) to Japanese, Manchukuo, Chinese and Third Power nationals.

(Dated) September 7 of the 27th year of the Republic of China, equivalent to September 7 of the 13th Year of Showa (September 7, 1938).

(Seals of) the Minister and Vice-Minister of Interior (of the Nanking Reformed Government); the Chief of the Special Service Section (of the Japanese Army); the Chief of the Construction Section (of the Ministry of Industry of the Nanking Reformed Government).

VIII. ECONOMIC AGREEMENT

OUTLINE RELATING TO DIRECTION AND SUPER VISION OF JOINT SINO-JAPANESE CORPORATIONS IN WHICH THE CENTRAL CHINA DEVELOPMENT CORPORATION, LTD. (HUA-CHUNG CHENG-HSING KU-FEN KUNG-SSU) INVESTS CAPITAL.

1. *GUIDING PRINCIPLE*:—The local Japanese authorities and the Reformed Government, in order to cooperate with each other in the economic rehabilitation of Central China in conformity with the principle of Sino-Japanese collaboration, shall, in directing and supervising Sino-Japanese joint corporations (hereinafter to be referred to as Joint Corporations), in which the Central China Development Corporation (hereinafter to be referred to as the Development Corporation) invests capital,—shall establish close contact (with each other) and satisfactorily and speedily dispose of affairs with a view to developing their business.

2. *IMPORTANT ITEMS*: (a). All laws and ordinances of the Government, with the exception of those (contrary to) special provisions in the bye-laws (of the joint corporations), shall be applicable to the corporations. The Government, in line with the spirit of promoting the activities of the corporations, shall be responsible for administrative supervision over the corporations

(b) Joint corporations shall submit the following matters to the Government for approval:—

1. Adoption and alteration of important provisions in the bye-laws.

2. Selection, appointment or dismissal of the Chairman of the Board of Directors (Director-General) or the Vice-Chairman of the Board of Directors (Deputy Director-General).

3. Resolutions regarding the amalgamation or dissolution of enterprises.

However, in addition to the foregoing provisions, the Shanghai Real Estate Corporation, Ltd., shall observe the following additional provisions. (The Shanghai Real Estate Corporation shall submit the following additional matters to the Government for approval:—)

1 Issue of Lottery Loans (Premium Bonds ?) or Lottery Tickets by the Corporation.

2. Allotment of dividends.

3. Other important matters concerning enterprises undertaken by the Corporation.

The Government, before approving of the foregoing matters, shall first deal therewith in cooperation with (consult) the local Japanese authorities.

(c) With reference to the declaration of bankruptcy and dissolution of (joint) corporations, the Government shall first consult the local Japanese authorities and deal therewith appropriately.

(d) The Government, before issuing orders to joint corporations, for (which affect) the public welfare or in fulfilment of military requirements, shall first consult the local Japanese authorities and deal therewith (in the spirit of) mutual cooperation. Losses suffered by the corporations in consequence of the above-mentioned orders, shall be compensated by the Government.

(e) The local Japanese authorities may demand that the Government issue the above-mentioned orders. However, in case of urgent, unavoidable military necessity, the local Japanese authorities may make necessary demands directly to the joint corporations and notify the Government of their intentions.

(f) The local Japanese authorities and the Government shall cause the joint corporations to secure the previous recognition (approval) of the Development Corporation Regarding the following matters:—

1. Selection, appointment or dismsisal of the Directors, Manager, Chief Accountant and Chief Technical Expert.

2. Revision of bye-laws.

3. Resolutions concerning amalgamation or dissolution of enterprises.

4. Business plans.

5. Issue of loans by the joint corporations.

6. Other important matters concerning enterprises undertaken by the joint corporations.

With reference to any of the above-mentioned matters which require the recognition (approval) of the Government in accordance with Section (b) of Article 2 (on Important Items), joint corporations may submit such matters to the Government, and at the same time to the Development Corporation for approval.

(g) The Development Corporation, when requested to give its approval in accordance with Section (2) of the preceding article, shall base it decision on the agreement reached by the local Japanese authorities with the Government.

This agreement shall be made in octuplicate (eight copies). A copy each shall be placed in the permanent custody of the Special Service Section of the (Japanese) Army; the Special Service Section of the (Japanese) Navy; the (Japanese) Consulate-General in Shanghai; the Executive Yuan; the Ministry of Interior; the Ministry of Pacification; the Ministry of Industry; and the Ministry of Communications (of the Nanking Reformed Government).

(Dated) December 15 of the 13th year of Showa, equivalent to December 15 of the 27th Year of the Republic of China (December 15, 1938).

The agreement bears the seals of the Chief of the Special Service Section of the Japanese Army; the Chief of the Special Service Section of the Japanese Navy; the acting Japanese Counsul-General in Shanghai; Liang Hung-chih, President of the Executive Yuan; Chen Chun, Minister of Interior; Jen Yuan-tao, Minister of Pacification; Wang Tsu-hui, Minister of Industry; and Kiang Hung-chih, Minister of Communications of the Reformed Government.)

White-Haired Woman, Fifteen College Youths Sail to South Seas

Fifteen American college youths, most of them under 25, and one white-haired American woman in her fifties set sail from New York on the 137-foot three-masted schooner named Director II, on Feb. 1, bound for adventure in the South Seas. The schooner carried food and supplies for a trip of 40,000 miles extending over two years. The ship also carries short-wave equipment for programs to be radioed and re-broadcast in the United States over NBC's Blue Network. The lone woman in the cruise party is Mary Sheridan Fahnestock, authoress, who is accompanied by her two sons, one of whom is director of the cruise. After passing through the Panama Canal the Director II will call at Islas Perlas, Galapagos, Marquesas, Puanmotus, Tahiti, Bora Bora, Mangarongoro, Pago Pago, Fiji, New Caledonia, Great Barrier Reef, Solomon Island, Netherlands Indies, Celebes, Zamboanga and finally back by way of Manila, Hongkong and Shanghai.

China Given Loan of $20 Millions By U.S; Japanese Not at all Pleased

AN additional American credit loan to China became a fact on Mar. 7 when the Export-Import Bank in Washington allocated a sum of U.S.$20,000,000 for this purpose, thus bringing to U.S.$45,000,000 the total of United States advances to China since the commencement of the Sino-Japanese hostilities in 1937. The fresh loan was made possible by the recent action of Congress in approving a Bill to increase the revolving fund of the Export-Import Bank by U.S.$100,000,000. From this sum, Finland has received a loan of U.S.$20,000,000, Sweden U.S.$15,000,000, Norway U.S.$10,000,000, Denmark U.S.$10,000,000 and Iceland U.S.$1,000,000.

K. P. Chen, heading the Chinese financial mission in the United States, stated in Washington that the new credit would be employed by China through the Universal Trading Corporation to purchase metals, oils, trucks, road-building machinery, mining and smelting plant, medical supplies and other items.

How Loan Will be Spent

According to information received locally, however, the Chinese Government will turn over $5,000,000 of the new loan to the Ministry of Communications, which will spend U.S.$600,000 on airplanes and parts. U.S.$2,000,000 will go to telegraphs and telephones and U.S.$500,000 to highways. U.S.$900,000 will be expended on light rails, railway equipment and machinery and U.S.$1,000,000 for gasoline and lubricating oils.

Dr. Hu Shih, Chinese Ambassador in Washington, said: "We are gratified by this timely financial aid by the American Government." An official of the Chinese Finance Ministry in Chungking said the loan will "further strengthen our confidence in foreign assistance and eventual victory." Foreign observers in Chungking, according to *United Press*, declared that the new loan, though small, was a serious psychological blow to the Japanese Government and marked a further step in the deterioration of Japanese-American relations. The *Central Daily News*, official Chungking organ, declared that the loan was "equal to one million American soldiers joining the war in China against the Japanese."

No Jubilation in Tokyo

There was no jubilation in Tokyo, however. Yakichiro Suma, Foreign Office spokesman, said Japan deemed the American loan an "unfriendly act" because the Chungking Government is at war with Japan. The loan caused special concern, he added, because it was granted on the eve of the establishment of the new regime (Wang Ching-wei government) in China.

A veiled threat of action against American nationals in China was uttered by a spokesman of the Japanese Embassy in Shanghai, who said: "Inasmuch as large-scale hostilities are being carried on between Japanese and Chungking forces, any assistance, financial or moral, to the Chungking regime cannot be regarded as a friendly action toward Japan. I cannot conceive that it will have very good effects in regard to American nationals in China."

The *Kokumin Shimbun*, nationalist organ in Tokyo, declared that the United States, by granting a new loan to China, had disqualified itself as a mediator in the Sino-Japanese conflict.

Secretary of State Cordell Hull, *United Press* reported from Washington Mar. 9, declined to comment on the Japanese Foreign Office statement that the new loan to China was an "unfriendly act" toward Japan. The loan, he said, was intended to promote America's foreign trade.

An improvement in the situation in Asia was seen Mar. 10 by Senator Key Pittman, chairman of the Senate Foreign Relations Committee and sponsor of a measure (now held in abeyance) to place an embargo on certain American exports to Japan. Senator Pittman declared, according to a *United Press* message from Washington, that Japan is beginning to realize that she cannot conquer China and that the situation in Asia is consequently improving.

British Appeasement Policy is Assailed

With the Japanese-sponsored anti-British movement in China still continuing—the latest outbreak being reported from Weihaiwei—Britain's policy of appeasing Japan came in for severe criticism from the *Hankow Herald*, Chinese organ in Chungking, according to a *United Press* report from that city on Mar. 8.

British policy as regards the Japanese invasion of China, the paper asserted, is "marked by a tremendous waste of time without anything positive being done to halt Japan's progressive encroachments on British rights and interests in China. Those observers describing British policy in the Far East as one of all-front retreat certainly are not far from the truth...We believe that the source of all the trouble is the blind faith in the policy of appeasement. If nothing is done to halt Japan, British prestige in the Far East will ultimately be destroyed."

A *Reuter* report from Weihaiwei on Mar. 9 said that the anti-British movement in that coastal town, dormant for some time, had been revived. Colored posters containing rabid anti-British slogans as well as caricatures of John Bull sucking the wealth of China and India had made their appearance. One poster urged: "All who hope for an early peace, for the country's salvation, and for the prosperity of Asia, rise up at once and beat Britain down!" Another read: "Britain is the encroaching enemy of all Asiatic peoples. It is necessary to dispose of Britain thoroughly." A third declaimed: "Down with the robber Britain! Support Wang Ching wei's Government!"

Sir Archibald Clark Kerr, British Ambassador to China, issued a denial in Chungking on Mar. 8 that he had reached an agreement with the Chinese Foreign Office regarding disposal of Chinese silver stored in the British Concession at Tientsin. The Chinese Foreign Office issued a similar denial.

Giant Cunard Liner Reaches N.Y. Safely

After following a zig-zag course in order to dodge German submarines and drifting mines, the s.s. Queen Elizabeth of the British Cunard line, largest liner afloat, arrived at New York on Mar. 7, presumably to be laid up for the duration of the war, alongside the s.s. Queen Mary and the s.s. Normandie.

With her internal fitting still awaiting completion and painted a battleship grey, the mammoth 85,000-ton vessel, which measures 1,030 feet from stem to stern, sailed from Clydebank, Scotland, where she was built, and made the Atlantic crossing to New York in five and a half days at an Average speed of 24½ knots. Her departure was shrouded in secrecy and she was escorted part of the way by British destroyers and R.A.F. planes. Electrically-charged cables had been fitted to the hull of the liner to neutralize the danger from magnetic mines which Germany is believed to be using in her warfare on the sea.

The vessel was accorded a great welcome as she steamed up New York harbor, but according to the Washington *Daily News* British enthusiasm over her safe arrival was dampened by the thought that her arrival was an admission that British harbors are no longer safe. The paper pointed out that the Queen Mary, the Mauretania, the Normandie and the Isle de France have now been lying up in New York for six months, earning nothing and costing plenty. The New York *Daily News* hinted that Britain was perhaps preparing to barter the Queen Elizabeth and the Queen Mary for war material.

All Passengers Killed In Formosa Air Disaster

All passengers and crew aboard a Japanese airliner bound for Taihoku, Formosa were found to have been killed instantly when the plane crashed Mar. 7 about 15 kilometers northeast of Taihoku. The plane disappeared on the afternoon of Mar. 7 while on a flight from Giran, on the east coast of Formosa, to Taihoku, a flying distance of less than one hour, and the wreckage was found on Mar. 12. Among the passengers was Mr. Enno Popp, prominent German resident of Shanghai, who was en route to Canton. He had time to spare before his ship sailed from Giran and decided to take the flight in order to see Formosa from the air.

Recall of Kita Removes Obstacle to Wang Regime

THE much publicized marionette show in Nanking, with Wang Ching-wei playing the leading role, appears to be impending. The most important development in Wang's government-forming plans, however, is not his reported departure for Nanking or the alleged resignation of Wang Keh-min but the removal of Gen. S. Kita from his post as head of the North China Liaison Office of the Asia Development Board. Gen. Kita, who had been the chief obstacle in Wang's path to puppet glory, was relieved of his office last week-end, thereby finally clearing the stage for the long overdue puppet show in Nanking.

Morioka Replaces Kita

Gen. Kita has been most active in China since his participation in the first Shanghai war of 1932. He replaced Lt.-Gen. Kenji Doihara, better known as the "Lawrence of Manchuria," as the man behind the Japanese military throne in North China early last year. It was he who propped up Wang Keh-min, his chief henchman in Peiping, and balked Wang Ching-wei's plans for establishing a new central regime. Gen. Kita has been succeeded by Maj.-Gen. Susumo Morioka, assistant head of the North China Liaison Office, who is believed to be more amenable to Tokyo's control.

Coupled with the rumored resignation of Wang Keh-min as head of the puppet Peiping Provisional Government and his departure for Tokyo was a report stating that Wang Ching-wei left Shanghai for Nanking on Monday of this week aboard a Japanese gunboat, ready to appear on the puppet stage in Nanking. Wang's choice of a river voyage instead of a railway journey was said to have been prompted by his fear of attacks by Chinese guerrillas who have been extremely active along the Shanghai-Nanking Railway.

Chu Said Assaulted

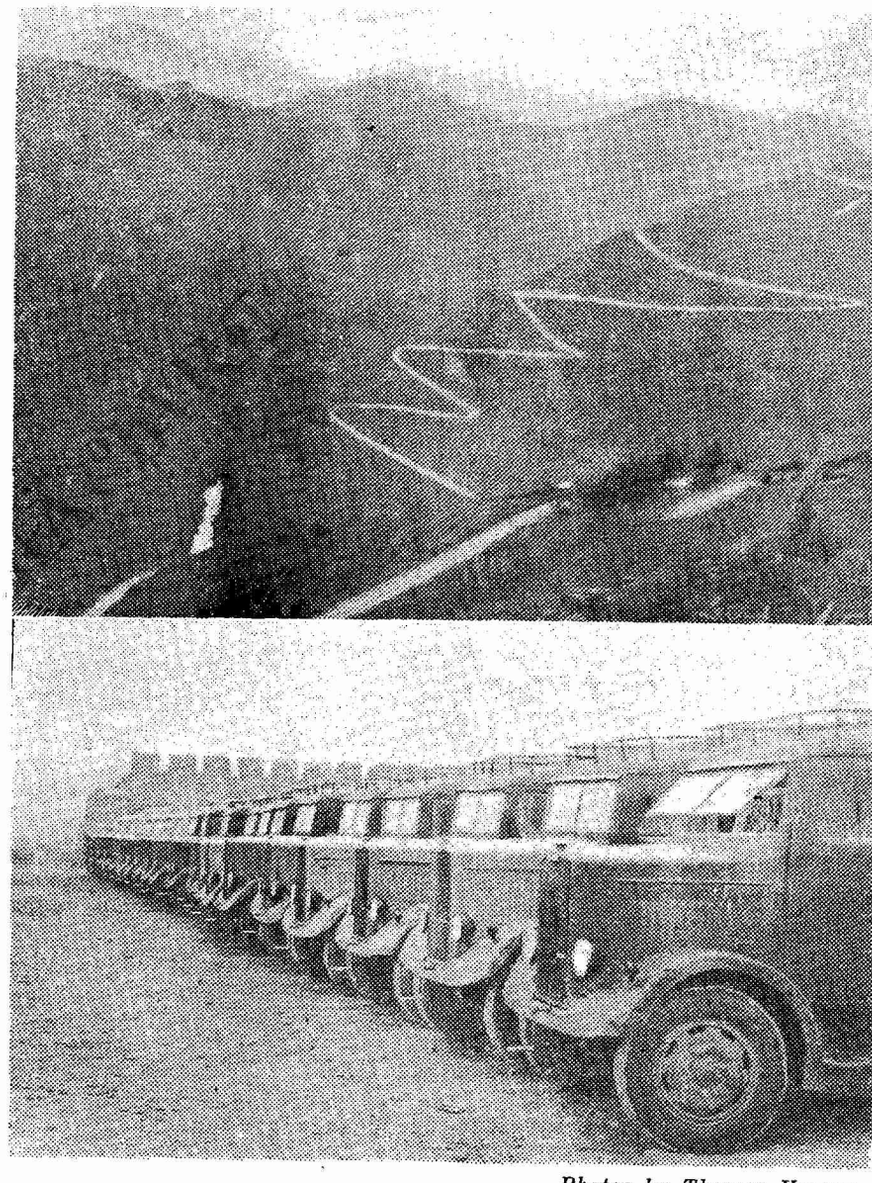
The immediate purpose of Wang's trip to Nanking, it was said, was to preside at the so-called Central Political Conference, now scheduled to open on Mar. 20, as prelude to the formation of the new regime. Meanwhile Chu Min-yi, Wang's brother-in-law and chief aide, who occupies the post of Secretary-General of the "Orthodox" Kuomintang, has been busy in Nanking making final arrangements for the affair. Chu was reported to have been assaulted by Japanese soldiers when he arrived at Nanking last Saturday with the Chinese national flag and the Kuomintang party banner. The Japanese sentries tore both flags to tatters, declaring that they had "no orders" to permit the entry of such flags into the former capital.

In Peiping the populace shows complete apathy to Japan's latest political move and what may take place in Nanking. Although the Japanese-controlled Chinese press in Peiping carried numerous articles welcoming the inauguration of the new "Central Government's as the beginning of a "Golden Era" for Peiping Chinese, public interest in this was completely overshadowed by a much closer and grimmer problem-acute food shortage.

Apparently trying to make as much as they can out of the Wang Ching-wei affair, Japanese politicians as well as army leaders are making sugar-coated promises to Wang and the Chinese people living in Japanese-occupied areas. Japan will recognize and support the new China Government to be headed by Wang Ching-wei, Premier Admiral Yonai announced in the Lower House last week-end. The premier's announcement followed the adoption by the House of a resolution pledging its full support toward the attainment of the objective of Japan's campaign in China, namely, the establishment of a "New Order in East Asia."

Meanwhile, Japanese government circles are still preoccupied with the selection of a suitable person as Japan's first envoy to the Wang regime. Several persons have been mentioned as possible candidates for the post, but no definite decision has yet been made. Prominent among them are Prince Konoye, Gen. Abe, Koki Hirota, former premiers, and Kenkichi Yoshizawa, ex-foreign minister. According to predictions by the Japanese press, Mr. Yoshizawa is most likely to be given the post, for the other three persons have either declined or are considered unsuitable. It was pointed out by the Japanese papers that appointment of the special envoy to China, that is, occupied China, would not only mean an expression of congratulation to the Wang regime but also Japan's *de facto* recognition of the regime. The

The Link Between Yunnan and Burma



Photos by Thomas Kwang

The upper picture affords a striking view of a section of the Burma-Yunnan highway, one of China's last remaining international communication routes, as it winds upward along the slopes of the Yunnan mountains. Below are seen a number of newly-arrived American trucks destined for use along the highway.

envoy, it is expected, will conduct negotiations with Wang in an effort to readjust Sino-Japanese relations.

All Territory to Wang

The "sacred" character of Japan's war in China was once again expounded by Lt.-Gen. S. Itagaki, chief-of-staff of the Japanese forces in China, in a radio broadcast address from Nanking on March 11 on the occasion of the 35th anniversary of the Japanese victory against Russia at Mukden in 1905. Gen. Itagaki announced Japan's readiness to surrender all occupied areas in China to the Wang regime. He attributed this Japanese attitude to respect for China's independence and sovereignty, and Japan's desire to contribute towards the development and prosperity of China, thereby to enable her to play a part in the establishment of a New Order in East Asia. "This is the reason why the current China Affair is termed a sacred campaign," Gen. Itagaki said, adding that "our great regret is that these genuine Japanese intentions are misunderstood by those imbued with Occidental concepts."

Japan has designed a new flag for China which the Wang Ching-wei regime is required to adopt. Previously Wang attempted to persuade the Japanese military authorities to retain the present Kuomintang flag as the emblem of his regime in order that it may pose before the Chinese public as a successor to the National Government at Chungking. But the Japanese authorities refused this on the ground that the Kuomintang flag has been an "enemy color" for the last two and a half years. The new flag will be something more than the White - Sun - in-the-Blue-Sky-on-a-Red Field, for a new yellow pennant with an inscription in Chinese reading "Peace and National Reconstruction," will be attached above the red. Yellow is regarded as an imperial color. Used in a Chinese national flag, it is evidently meant to signify Japan's imperial sanction of the new puppet regime.

Wang Displays Caution

Despite the strong Japanese garrison in Nanking, Wang Ching-wei is taking all possible precautions to insure his personal safety in the former capital. In addition to one battalion of Chinese gendarmes recruited from Peiping, a Chinese Guards Corps, specially trained at Wang's own Central Army Officers School in Shanghai, has arrived at Nanking to aid in police duty. The Guards Corps will be placed on duty at various buildings that will be occupied by officials of the new regime.

While Wang is making himself ready for the puppet show in Nanking, Chungking has taken stern measures against 26 of his associates, whose arrest and punishment have been ordered. Prominent among those proscribed are Chen Chung-fu, former chairman of the Foreign Relations Committee of the Hopei-Chahar Political Council; Tang Leang-li, editor of the *People's Tribune;* Fan Chung-yun, a writer, formerly associated with the Commercial Press; Huang Tai-wei, commander-in-chief of the "Peace and National Reconstruction Army;" Tang Ching-po, former director of the Government Testing Bureau in Tientsin; Chu Pu, formerly an official in the Ministry of Foreign Affairs; and Lu Ying, chief of the "Ta Tao" police force in Shanghai.

Pressure on Britain

Strong pressure appears to have been brought to bear by Japan to induce Great Britain to recognize the Wang regime. An indication of such pressure was furnished by a lengthy editorial in the *Japan Times* on March 7, which outlined six reasons why the new regime should be acknowledged.

First, the newspaper said, Britain should recognize that the new China government under Wang Ching-wei will become a reality.

Secondly, the newspaper claimed that the new government would have very substantial support from representative bodies in China.

Thirdly, Japan would not retreat from its political position of complete support of the new government or from its military position as protector of the country during the formative stages.

Fourthly, Britain should recognize that Gen. Chiang Kai-shek cannot change the course of events and will probably not receive any more outside assistance than he has been getting.

Fifthly, Britain should realize that Japan is determined to recognize the new government after its establishment, despite all opposition, no matter how strong.

Lastly, the *Japan Times* said that it could see no reason for disagreement between Britain and Japan as Japan's policy toward China is parallel with Britain's.

Free Trade Doomed

A warning that the days of free trade in China are doomed was sounded by Viscount Hisakira Kano, manager of the London Branch of the Yokohama Specie Bank, who is now in Japan for a visit. Both imports and exports will be regulated by the new China Government to maintain its currency on a stable level, the Japanese banker predicted. British and American traders in Shanghai, he said, believe that their free trade practices may be continued when peace is restored in China. "They forget," he remarked, "that in almost every country, except the United States, trade is controlled and that Shanghai, at present and in the past, has been a sphere of unusual freedom."

Evidently inspired by the Japanese, strong opposition has been voiced by "Orthodox" Kuomintang circles to the new American loan to China. Exploiting his previous connection as consultant to the Library of the

Leaving Him Up in the Air

United States Congress, Kiang Kang-hu, self-claimed leader of the Chinese Socialist Party and a leading supporter of Wang Ching-wei's "peace movement," cabled President Roosevelt on March 7, attacking the United States for the new U.S.$20,000,000 loan to Chungking, which, he said, "tends to prolong the war in China." He urged strict American neutrality in the present Far East conflict.

Fattening on Loan

A spokesman of the Japanese Embassy in Shanghai charged that "Chungking leaders are fattening themselves upon the misery of their own countrymen" through the new American loan. He voiced Japan's displeasure over the American move by stating that any moral or financial assistance to Chungking could not be regarded by Japan as a friendly act, though he added that an "explosion" of anti-American sentiment in Japan was not likely for the present.

The patriotic activities of Chinese merchants abroad have also aroused the ire of the Japanese. The matter was made a subject of Diet inquiry last week. Kumaichi Yamamoto, director of the Foreign Trade Bureau, replying to an interpellation, suggested two ways of dealing with the problem, namely, suppression and pacification. In his opinion, "suppression of anti-Japanese agitation should be brought about in politically important regions. In less important regions, however, it is necessary to pacify the Chinese by making them understand the real intentions of Japan in connection with the China Incident."

As anticipated, the Saito affair, which consisted of an attack on Japan's policy for the settlement of the China conflict based on the Konoye peace terms of Dec. 22, 1938 by Takao Saito, 70-year-old member of the Minseito Party, has ended in the expulsion of Mr. Saito from the Lower House. The incident has, however, produced serious repercussions in Japanese parliamentary circles as numerous members of various political parties have been "purged" for their opposition to the expulsion of Mr. Saito.

Parties Stage Purges

Five members of the Reformist section of the Seiyukai Party who voted against Saito's expulsion were asked to resign from the party, while nine members of the Social Mass Party were dismissed *en masse*. They were all charged with having taken an attitude contrary to party policies in the case. Meantime, formation of a new party, composed of Diet members disgruntled over the expulsion of Mr. Saito, is looming. Moves toward this end were reportedly being made by members of the Jikyoku Doshikai, the Social Mass Party, the First Clubs, the Minseito Party, and the Reformist and Orthodox Factions of the Seiyukai Party. Dissatisfied members of the Orthodox Faction of the Seiyukai Party were understood to be behind the new party.

The 15th anniversary of the death of Dr. Sun Yat-sen, late leader of the Kuomintang and founder of the Chinese Republic, on March 12 was observed in Chungking and many other leading cities in "Free China." In Shanghai the occasion was marked by the the flying of the National and Party flags at half-mast, but no memorial meetings were held.

Personnel Conference

To create a good and efficient administration, President Tai Chi-tao of the Examination Yuan summoned a Central Personnel Administrative Conference which remained in session at Chungking for one week. The conference was attended by about a hundred delegates from various branches of the government, as well as experts in civil administration. Gen. Chiang Kai-shek was present at the inaugural meeting on March 4 and delivered a pointed speech against corruption and other abuses of the Chinese civil administration. He urged the conference to find suitable means for the improvement of the Chinese administrative system.

The rumor circulated by the *China News Agency* on March 8 that Dr. W. W. Yen would be appointed ambassador to Washington to replace Dr. Hu Shih was refuted by the fact that Dr. Yen, who went to the United States last year as China's chief delegate to the Institute of Pacific Relations conference, arrived at Manila on March 11 en route back to China. In a press interview, Dr. Yen said that China today is united as never before in history and is waging a bitter war against Japan for her very existence. Dr. Yen pointed out that China had succeeded in weakening Japan's financial position to the extent that the Japanese national debt had doubled in the past two years. He believed that the Wang Ching-wei regime would not affect, to any great extent, conditions in China. "The news came as a distinct surprise to me, as I did not expect it," he said, commenting on reports of the proposed Wang government.

Japan's Larger Aims

Speaking at the luncheon of the Manila I.P.R. chapter, Dr. Yen outlined the results of the I.P.R. conference held in the United States recently on the Sino-Japanese hostilities. "Defining Japanese aims toward China," he said, "there was a general agreement that such economic matters as securing raw materials for Japan's manufacturing needs were secondary to Japan's larger aims—the desire to establish effective domination over China." "Most of the conference speakers," he continued, "emphasized Japan's positive desire to control China as a step in an ambitious program which would later extend to other parts of Asia." Unless the Japanese military can be rendered subservient to civilian rule there is little hope of securing a durable settlement compatible with the interests of both China and Japan, Dr. Yen concluded.

Dr. Yen was being accompanied on his return trip by his secretary, Dr. S. K. Weigh; his niece, Miss Hilda Yen; and P. T. Chen of the Ministry of Finance and also a delegate to the I.P.R. conference.

Yen to Replace Hu ?

According to the *China News Agency*, Dr. Yen is to replace Dr. Hu Shih, who will be transferred to the post of president of the Academia Sinica which has become vacant by the death of Dr. Tsai Yuan-Pei. In connection with Dr. Tsai's death, the National Government has ordered the appropriation of $30,000, of which $10,000 is for funeral expenses and $20,000 for the education of his children.

Dr. C. T. Wang, former foreign minister and ambassador to the United States, is now in Manila, having arrived there on March 11 to attend to the business of the Manila branch of the Bank of Communications, of which he is president of the Board of Directors.

Reports of serious dissensions between the Kuomintang and the Chinese Communist Party have been revived. A *Domei* dispatch from Peiping said that strong forces, both in Chungking and at Yenan, were at work to avert a large-scale clash between the provincial troops and the Communists in Shansi. Chou En-lai, a Communist leader stationed at Chungking, was reported to be urging moderation on the part of Mao Tse-tung and Chu Teh, while Gen. Feng Yu-hsiang and Gen. Chen Cheng were endeavoring to prevent a major conflict by using their influence in Chungking.

Offensive Against Shansi Reds Said Due

A general offensive against Communist forces in Shansi province, starting on March 15, was ordered by Gen. Yen Hsi-shan, commander of the Shansi Army, according to a *Domei* report from Tatung on Mar. 8. The first step in the offensive, it was stated, would be the ousting of the Communist government at Hohsien on the Tungpu Railway line, south of Taiyuan.

The plans were reported to call for more than 7,000 troops, including three cavalry regiments, three infantry regiments and four mobile units, under Gen. Pai Ju-ching, commander of the Cavalry First Army, to advance towards Kolan, Paoteh and Hochu in northwest Shansi from stations east of Chungyanghsien.

The 4th and 5th regiments of the Cavalry 7th Army, under Gen. Meng Hsien-chi, commander of the 19th Army stationed in the vicinity of Chihsien, were to advance as far as Shenmu, in the northeastern corner of Shensi province, crossing the Yellow River, according to the reported plan.

Detachments under Gen. Chin Hsian-chang now stationed in the area southeast of Wutai, in northeastern Shansi, were expected to move north towards Lingkiu and Hunyuan on the northeastern border.

The 86th division at Hoku, according to the reported plan, will establish a close contact with Gen. Ma Chan-shan's army near Lahachai and the main force of Gen. Kao Hsuan-cheng at Tulin, in northern Shensi, and await further orders.

"Dare-to-Die" corps were expected to be increased between now and March 15 and attached to detachments of the Shansi Army.

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Japan's Price Control Policy Said Failure

"Japan's war-time price policy has failed utterly," the Tokyo *Yomiuri Shimbun* declared recently, giving as evidence the fact that actual commodity prices differ considerably from those fixed by the Central Price Policy Commission and enforced by the Ministry of Commerce and Industry.

The newspaper declared: "The low-price worked out by the Commission has now become a nuisance in the daily economic life of the Japanese people. The Commission has failed because it has adhered too closely to academic theories which are far removed from economic actualities. Another mistake has been the entrusting of the price policy solely to the Ministry of Commerce and Industry instead of treating it as a major national question. Combined, these two circumstances provide the background of the abject failure of the policy."

Observers in Tokyo point out that index figures demonstrate that the cost of living continues to rise sharply. In Tokyo, in February, fuel and light shot up 17 per cent. compared with the previous month; food and drink 7.1 per cent; clothing 5.6 per cent; household goods 5.1 per cent and commodity prices generally 6.3 per cent, compared with January.

New Council Planned

In a fresh endeavor to control the situation, the Government plans to set up a Commodity Price Council of fifteen members. The Premier will preside, assisted by the Ministers of Commerce, Agriculture, Finance, Overseas Affairs, and other leading officials and eight or nine leading financial, industrial and commercial leaders. The Council will fix revised price levels, after taking into consideration the extent to which various commodities have been affected by recent tax increases and higher production costs.

The uncertainties of the domestic situation are demonstrated by the fact that Tokyo coal wholesalers, largely shorn of normal profits during the past winter by the dearth of coal in the city, decided to lay in orders for their next winter's supply now, take delivery of it in the summer and be all set for the rush when the first frost comes, according to the *Nichi Nichi*.

The Metropolitan Police Board, however, has decided otherwise. It has got wind of the plan and is now taking steps to cancel all such future orders. The chief of the fuel section will leave shortly for the coal producing centers to inspect the books of mining companies and instruct officials to nullify orders for "future" delivery.

Soviet Closes Consulate At Kalgan After 6 Years

By agreement between the Soviet Government and the Japanese authorities in North China, the Soviet Consulate in Kalgan has been closed and M. Kotov, the consul who was in charge, departed for Peiping, according to a *Transocean* report from the latter city on Mar. 6. The Soviet Consulate in Kalgan was first opened in 1934.

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S.M.C. Committee Issues Price Report

A preliminary report of the subcommittee appointed by the Shanghai Municipal Council to advise on the desirability and practicability of a scheme of price control in the International Settlement, has been adopted by the Council, according to an official communique issued on March 11. Making no concrete recommendations, the report confined itself to general remarks, including the trite statement that the high prices of necessities are due to Japanese military control of supplies and the absence of a free market for the farmers, thus leading to artificial shortages and profiteering.

The role of the Japanese military in the high-price situation was pointedly revealed in information secured by *The Review* this week, from a reliable source, regarding taxes levied by the Army authorities on supplies entering Shanghai. On every cow arriving here, the Army imposes a levy of $25, on every sheep $10, and on every goat from $5 to $7. A truckload of vegetables is taxed $25 and a handcart load pays $3. Rice is taxed $15 to $20 per picul. Hogs are taxed $1 per head. Corresponding imposts are levied on poultry and eggs.

The economic hardship of Shanghai's poor was graphically illustrated in three local news items on Monday of this week. A 50-year-old ricsha puller was found dead of undernourishment and overwork at the corner of Yu Ya-ching and Soochow Roads. Another Chinese was picked up dead the same day at North Honan and Tsepoo Roads. At the Refugee Hospital he was found to have died of starvation. In the evening of the same day a Chinese committed suicide by jumping into Soochow Creek.

The February report of the Industrial Section of the S.M.C., issued last week, recorded an additional rise in the cost of living of Shanghai workers last month, the increase being 16.13 per cent as compared with January. Food went up 16.6 per cent, fuel 15.83 per cent, clothing 9.8 per cent. The purchasing power of the Chinese dollar was down to $0.2646 of its 1936 value.

100 Chinese Arrested In Thai this Month

The anti-Chinese campaign in Thai has revived following a period of dormancy, according to reports received in Chungking stating that more than 100 prominent Chinese residents of Bangkok have been arrested since the end of February. Among those arrested is said to be the editor of the *China People's Daily* and a doctor in a Chinese hospital. The wave of arrests is still continuing, the reports declared.

1940 Fords Have Many Improvements

The new Ford models offered by the Ford Motor Company for 1940 are designed and built on a new level of performance and comfort. In them are embodied as many as 22 important and distinctive improvements. First, the cars are more beautiful than ever and riding comfort has been greatly increased by improved spring suspension, self-sealing shock absorbers, "floating edge" seat cushions and new-type front seat backs with more leg room in the roomiest interiors ever built for the Ford car.

Improved finger-tip gearshift completely clears the front compartment because it is mounted on the steering column. New controlled ventilation features a diagonally hinged and tilted forward section of the front window, and a rear section which slides down completely, leaving no metal strip to hamper hand signals and obstruct vision. Unquestionably the 1940 Ford ventilating system is superior to anything on the market.

Owners, especially women, are going to be tremendously impressed by the beautiful dash treatment and the two-spoke steering wheel which combine to make the front interior of the 1940 Ford extremely appealing.

The De Luxe Fords include many entirely new features and in addition many important former Mercury features such as blocker-type transmission. The 1940 Standard now includes, in addition to the entirely new finger-tip gearshift, torsion bar, etc., such other features as more accessible engine with fan on crankshaft, voltage control, battery condition indicator, etc., formerly found on the De Luxe. The Sixty now includes features formerly found only on the higher-priced Fords, among them semi-centrifugal clutch, fan on crankshaft, etc.

The beautiful two-tone interiors of the new Ford line are expecially designed for the pleasure and comfort of the owners. All cars have two-spoke steering wheels, but those in the De Luxe models are of two-tone colors. The instrument panels are also brand new, with two ash trays—which need not be removed for the installation of a radio.

Soviet Demands Release of Ship Held at Hongkong

M. Ivan Maisky, Soviet Ambassador in London, called on Mr. Ronald H. Cross, British Minister of Economic Warfare, to insist upon the prompt release of the Soviet steamer Selenga, 2,500 tons, which has been detained by the British authorities at Hongkong since Jan. 13. The vessel was intercepted and taken to Hongkong by British warships while en route to Vladivostok from Manila with 2,380 tons of cargo, including 1,000 tons of Chinese wolfram shipped through Hanoi to the Philippines, where the Selenga took it aboard. It has been alleged that Soviet Russia is taking advantage of its barter agreement with China in order to get supplies with which to fulfill Soviet obligations to Germany in terms of the Soviet-German trade agreement.

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Biozygen is furnished without salt and therefore highly appropriate for saltless diets in diseases of the gall bladder, kidneys, heart, stomach, bowels, and in epilepsy. It can be added in small quantities (10g. =½oz. per day for any person) to soups or vegetables at the beginning of the cooking process. It is important to know that in order to avert the danger of *Biozygen* becoming disagreeable to the taste when taken for any length of time, it is advisable to add it to soups, vegetables, etc. at the beginning of cooking.

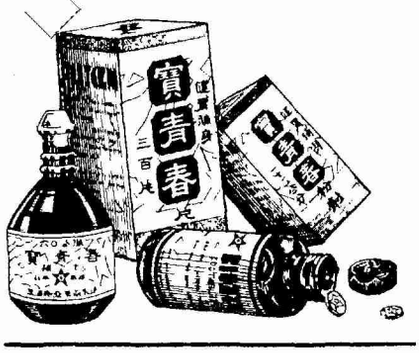
Prepared By:

The New Asiatic Chemical Works, Ltd.

1095 Sinza Road, Shanghai, China

Packing:

Powder; in bottle of 25 gm., 50 gm., 100 gm., and 500 gm.
Tablets; in bottle of 50, 100, 200, 300 and 1,000 of 0.25 gm.
Liquid; in bottle of 60 c.c. and 120 c.c.



92-108

Puppet F.R.B. Currency Withdrawn from Circulation

Moving to check an inflationary tendency allegedly brought about by a heavy issue of notes prior to the Lunar New Year, the puppet Federal Reserve Bank in Peiping has withdrawn some Yuan 10,000,000 worth of its currency from circulation, thus reducing its note circulation from Yuan 500,000,000 to Yuan 490,000,000 within a period of one month, *Domei* reported Mar. 12.

F.R.B. notes were being quoted this week at the rate of Yuan 1,850 to U.S.$100, which is well below the current exchange value of the legitimate Chinese dollar. The slump in F.R.B. currency, which is linked to the Japanese yen, has had deleterious effects on the latter currency, and this factor is also likely to have influenced the decision to reduce the issue of the F.R.B.

According to reports received in Shanghai from private sources this week, a "black market" is being operated in the Imperial Hotel in Tokyo where yen are offered at the rate of eight for one U.S. dollar, as compared with the officially pegged rate of four to one. The open market rate in Shanghai is around 12 to one.

A visitor from Honolulu reported that large sums in Japanese yen were recently dumped in Hawaii, bringing the rate there down to 10 yen for one U.S. dollar.

Japanese Fire on Soviet Aircraft Over Saghalien

Japanese anti-aircraft batteries opened fire upon two aircraft with Soviet insignia which flew over southern Saghalien on Mar. 11, it was officially announced in Tokyo the following day.

One machine, the announcement said, crossed the border near Ambetsu at 12:23 o'clock noon. It turned back towards Soviet territory, crossing the border at 2:02 o'clock when subjected to anti-aircraft fire. The second craft, which crossed the border at Handa at 12:40 o'clock, flew back at 2:50 o'clock, also when subjected to fire, the communique stated.

Chinese North of Creek Now Number 441,882

Up to Feb. 14, a total of 441,882 persons, representing 42,817 households, had returned to Shanghai areas north of Soochow Creek, according to an announcement last week-end by the Shanghai Rehabilitation section of the Japanese Naval Resident Officers' Office. Feb. 14 was the date when the pass system for Hongkew was formally abolished.

Italian Center to be Built in Shanghai

The Italian authorities at Shanghai have purchased land at Bubbling Well, Great Western and Tifeng Roads for the construction of an "Italian Center," similar to the German (Nazi) "Center" in the Western district. The Italian project, which is to cost Ch.$900,000, will house an Italian Catholic church, an Italian school and a hospital. The area is about 25 mow or four English acres.

Oxford, Cambridge Body Holds Annual Dinner

A. H. George, British Consul-General, was guest of honor at the annual dinner of the Oxford and Cambridge Society, at the Masonic Hall, on Saturday evening, March 9. For the first time in the long history of the organization, a Chinese woman, Miss Frances King, attended the meeting. M. A. Negre, a French member, also attended. The Chairman, J. R. Jones, reviewed the activities of the Society, following which new officers were elected for the coming year. They were, President, John McNeill; Vice-Presidents, Dr. J. H. Jordan, and G. G. Phillips; Committee, Miss W. M. Penfold, Judge H. Y. Loo, R. H. Heyworth and W. C. Cassels. Talks were given by H. H. Thomas and Mr. George, the Consul-General, who was introduced by John McNeill.

Correspondent Steele Going on Home Leave

A. T. Steele, correspondent in the Far East for *Chicago Daily News*, is departing shortly for the United States on home leave and will be succeeded here by Frank Smothers, who is now in Europe. Mrs. Steele, who is now in Shanghai with Mr. Steele, will make a trip to Peiping prior to their departure. Mr. Steele is one of the best known correspondents in the Far East and is said to have travelled more extensively in the interior and observed at first hand more military activities than any other foreign news writer. Mr. Smothers was stationed in Shanghai and Peiping several years ago, but was transferred to Europe.

American Association Spent $6,500 on Relief

The American Association expended the sum of Ch.$6,590.99 on relief in the American community in 1939, according to the annual report of the organization distributed to members this week. In addition, the Committee of the Association raised the sum of Ch.$37,028.00 for the support of the American School. This sum was raised through a drive conducted in the spring of 1939. The budget of the Association for the current year includes Ch.$16,000 for civilian relief, general expenses and the work of the General Relations Committee, and the sum of U.S.$5,000 for the American School. The officers and committee of the Association are: Chairman, J. Fistere, Jr.; Vice-Chairman, R. J. McMullan; Hon. Treasurer, J. T. S. Reed; Hon. Secretary, W. A. Adams; Secretary, J. M. Howes. Committee: N. F. Allman, P. M. Anderson, Major Arthur Bassett, P. H. Bordwell, George Bourne, J. W. Carney, C. S. Franklin, Randall Gould, Wilber Judd, P. F. Le Fevre, J. C. McCracken, Mrs. R. H. McDonnell, J. S. Potter, W. H. Putnam, J. R. Read, W. P. Roberts, F. J. Twogood.

Dr. Sun's Birthplace Is Occupied Again

Chungshan, the walled city on the western shore of Kwangtung Bay in the "model district" of Chungshan, birthplace of Dr. Sun Yat-sen, founder of the Chinese Republic, was occupied on the morning of Mar. 8 by Japanese troops which had landed on the Chungshan peninsula three days previously.

This was the second occupation of Chungshan since the commencement of the Sino-Japanese hostilities, the first having taken place in October, 1939. The new occupation, Japanese Army spokesmen explained, was in execution of a threat last October that Japanese forces would return unless the population refrained from anti-Japanese activities.

In fighting leading to the second occupation, Japanese military headquarters in South China announced Mar. 10, Chinese forces left 700 dead on the battlefields, while Japanese troops captured 900 rifles, 12 motor vehicles, five tons of gunpowder and a large quantity of ammunition.

Refugees Swamp Macao

According to a *Domei* report the previous day, 30,000 Chinese refugees from Chungshan have swamped the small Portuguese island colony of Macao and have confronted the authorities there with added feeding problems, since Macao is largely dependent on Chungshan for fresh food supplies, which were cut off by the fighting.

For the first time in a long time, Chinese and Japanese dispatches tallied in their description of the general state of affairs on the China war fronts last week-end. The Information Section of the Japanese Expeditionary Forces to China, according to a *Domei* report on Mar. 9, said that there was less activity on the various fronts last week than at any time since the beginning of this year. Chinese war dispatches received in Chungking, according to a *United Press* report from that city on Mar. 10, said the fronts were quiet from Inner Mongolia to French Indo-China.

A *Kuo Min* report from Chungking on Mar. 11 forecasted a new Japanese attempt to capture Changsha, capital of Hunan Province. Japanese garrisons at Tsungyang and Yochow, in northern Hunan, had been reinforced by two divisions, the agency said, while Japanese troops were effecting repairs to the damaged highway and enlarging the airfield at Pailotze, on the northern bank of the Yangtsze in southern Hupeh.

Drive from Canton

The Hongkong correspondent of the *North-China Daily News*, writing on Mar. 2, reported that more than 20,000 crack Japanese troops had been transferred from Kwangsi to the Canton area in preparation for another thrust northward along the Canton-Hankow Railway, the aim being to clear the line all the way to Yochow, in northern Hunan.

There have been several Japanese reports lately of Chinese troops and guerrillas turning over to the Japanese Army, the latest being a *Domei* report from Hankow on Mar. 11 stating that 300 Chinese guerrillas commanded by Kao Chiao-ting had surrendered on Mar. 8 at Chiuchiangchen, on the Han River bank in Hupeh province. After a ceremony in which they pledged their allegiance to the Japanese cause, the report said, the 300 Chinese took up positions against Chungking troops side by side with the Japanese detachment to which they had surrendered.

Nippon Scout Planes Seen Over Chungking

Believed to presage renewed bombing attacks on the Chinese provisional capital, three Japanese scouting planes were seen over Chungking on March 11, according to a *United Press* dispatch. It was believed that the planes, which flew at an altitude of 5,000 meters, were engaged in photographing the city. No air-raid alarm was sounded. Meanwhile, the Chungking authorities are vigorously pushing evacuation measures in preparation for Japanese air-raids.

On the "must go" list of the Chungking defense headquarters are a number of government offices, all schools and many amusement places, the report said. Shopkeepers are being urged to send part of their stocks away from the city in order to minimize possible losses in air raids.

Chinese Mine Warfare Delays Yangtsze Reopening

Chinese mine warfare is one of the reasons for delay in the reopening of the Yangtsze River from Shanghai to Nanking, a spokesman of the Navy Office in Tokyo stated on Mar. 7, according to *Domei*. He added, however, that preparations for throwing open the waterway were being pushed in accordance with the original announcement, although no exact date for the reopening could yet be set.

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92-109

Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

February 13

Sanguinary battles now proceeding in West Suiyuan in sub-zero weather, **Central News Agency** reported. Chinese forces entrenched on Langshan or "Wolf Mountain," were launching severe counter-attacks against the Japanese on the snowy plains.

Many cities in Chekiang including Chuki, Tunglu and Kinhua bombed by Japanese aircraft during the past few days.

Warning against Japan sounded by Admiral Harold R. Stark, Chief of Naval Operations, when he said in the U. S. House Appropriations Sub-Committee that Japanese pressure on foreign settlements in China "may soon demand strong action" by the Powers which wish to preserve their rights.

Japan's imports of scrap iron from the United States in 1939 exceeded 2,000,000 tons, the hightest figure in history, the American Committee for Non-Participation in Japanese Aggression announced.

Madame Chiang Kai-shek arrived at Hongkong by air yesterday from Chungking for rest and operation on her sinus trouble.

The **Observatore Romano,** organ of the Vatican, said (yesterday) that the Wang Ching-wei-Japanese secret accord had failed to break down Chinese resistance to Japan.

***

February 14

Up to the moment of the recapture of Pingyang on Feb. 12, a total of 20,000 Japanese troops had been killed in the Nanning, Pingyang and Wuming sector, Chungking military authorities claimed. The Pingyang victory, they stated, proved that defence strategy was capable of foiling Japanese military plans.

A Japanese squadron leader shot down during a Japanese air raid on Kunming yesterday, Chinese air defence corps in Kunming announced.

The Yunnan Railway again bombed yesterday by Japanese aircraft; several bridges and sections of tracks destroyed.

The U. S. Senate yesterday approved the bill increasing the capital of the Export-Import Bank by US$100,000,000, which will enable the Government to make loans to China and Finland.

Japanese naval authorities in Shanghai announced the cancellation of restrictions on the movement of Chinese civilians in the Hongkew section of the International Settlement, commencing from Feb. 15. Previously all Chinese entering that area were required to obtain special permits from the Japanese authorities.

Officially announced in Chungking that the Government would float two issues of bonds to be known as 1940 Military Supplies Bonds and 1940 Reconstruction Gold Bonds respectively.

More than $100 000 000 has been loaned to farmers by the Farmers Bank since the outbreak of the hostilities; half of this sum used in the financing of rural cooperatives, it was officially announced in Chungking.

The Chinese New Year's "Rice Bowl" campaign for China relief in San Francisco netted a total sum of US$75,000, **United States** reported.

The United States has protested to the Japanese Government 230 times since the inception of Sino-Japanese war, said **Foreign Minister Hachiro Arita in the Diet.**

China had a favorable balance of nearly US$6,000,000 in trade with the United States during 1939, according to official figures issued by the Department of Commerce.

***

Februray 15

Japanese forces in South Kwangsi reported withdrawing on all fronts; Chinese troops stated to have advanced to the outskirts of Nanning.

Chinese troops in West Suiyuan, in a counter-attack on Feb. 12, captured Lingho and were now pursuing Japanese troops retreating to the east towards Wuyuan.

Japanese Naval air forces would continue attacks on the Yunnan Railway unless the transportation of arms over that line was disconinued, a spokesman of Japanese Navy Office stated. The French Government said to have been informed to that effect.

Nineteen alleged Chinese terrorists, including some women, in the Tientsin French Concession, were handed over to the Japanese-controlled Chinese court by the French Police.

***

February 16

Chinese forces claimed to have recaptured Hofei, important city in northern Anhwei, on Feb. 11 after a surprise counter-attack. Japanese military spokesman in Shanghai denied the Chinese claim.

A provisional agreement on the policing of Shanghai's Outside Roads area concluded between Fu Siao-en, "Mayor" of the Japanese-controlled Shanghai Municipality, and C. S. Franklin, Chairman of the Shanghai Municipal Council. The agreement, consisting of eight articles, provides among other matters the creation of a "special police force" for the Outside Roads area to be organized joinly by the Shanghai Municipal Council and the "City Government of Greater Shanghai."

Twenty-seven Japanese planes bombed the Yunnan railway near Chihtsun, 75 miles from the Indo-China border.

Commodity prices in Shanghai soaring to unprecedented heights. Rice sold at more than $50 per picul; coal at $280 per ton.

***

February 17

Chinese victory at Nanning reported in Chungking; some 18,000 Japanese troops reported to have withdrawn from that city. Big fires raging in Nanning for two days since Feb. 15.

Fighting in East Chekiang said intensified as Japanese forces reported to have renewed their attacks.

The expenditure of the Japanese Government for 1939 amounted to Yen 5,334,262,000, four times that in 1937, according to Japanese Finance Ministry.

***

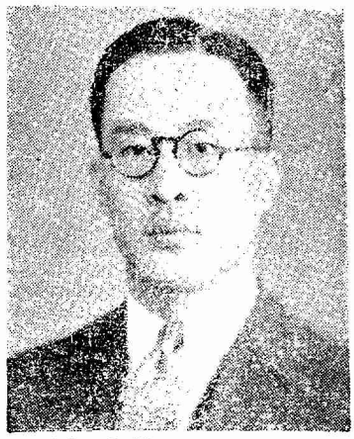
February 18

Japanese forces effected two landings on the Fukien coast on Feb. 16 and 17 after heavily bombarding Chinese shore defence.

In Chekiang the area east of Hsiaoshan continued to be the center of severe hostilities; 500 Japanese troops said to have been taken prisoner by the

Who's Who in China

Ricard Kwang-dee Nieh, banker; born at Changsha, Hunan, 1902; B. A. in Business Administration, University of Shanghai; M. A. in Economics, Yenching University, Peiping; graduate studies at the School of Business, Harvard University, and the School of Economics,



Richard Kwang-dee Nieh (Nieh Kuang-ti)
聶光域字慶修

London University; accountant and head of Staff Savings Department, Heng Foong Cotton Spinning & Weaving Mill, Shanghai; secretary, Head Office, Kincheng Banking Corporation; Manager of the Shih-chiachwang Branch of the same Bank in Hopei, then Manager of the Boulevard Montigny Sub-Branch in Shanghai; auditor-designate of the Head Office of the Bank stationed in Hongkong; now assistant trust Officer of the Trust Department of the same Bank, holding concurrently the office of accountant-secretary of the Sino-British Development Syndicate, Limited; contributor to the *Bankers' Magazine*, *China Economic Journal* and other periodicals; address: 1184 Avenue Joffre, Shanghai.

Chinese at a point seven miles south of Hsiaoshan.

The hostilities in Europe and the Orient are closely interrelated and the outcome of the European war will "have considerable influence on the war in the Orient," Rear Admiral H. E. Yarnell, former commander-in-Chief of the United States Asiatic Fleet, declared in New York last night.

Japanese forces which occupied Tungshan Island, off the southeastern Fukien coast had been driven to their warships. Chinese reports stated.

Unconditional death penalty for all merchants dealing in Japanese goods regardless of whether the cases are serious or slight, were urged by the Central Daily News in Chungking.

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February 19

Referring to press reports of Japanese withdrawal from Nanning, authoritative Chinese quarters in Chungking expressed the belief that the Japanese are not likely to give up the city without stiff fighting.

Fighting now taking place on the Fukien coast, opposite Amoy, as Japanese forces landed on Feb. 17 near Paitang and Chingyang, in an attempt to occupy Haicheng, southwest of Amoy.

For the third day in succession, Japanese planes bombed the Yunnan Railway (yesterday).

The spokesmen of the Japanese War and Foreign Offices declared that Japan's policy of refusing to have further dealings with Gen. Chiang Kai-shek still stood. Reiteration of the Japanese policy was prompted by a statement made on Feb. 17 by Lt.-Gen. S. Yanagawa, governor of the Asia Development Board, who said in the Diet that the phrase "not deal" was a question of interpretation. He added that the China Incident would be regarded as terminated when the Chungking Government cooperated with the projected central government of Wang Ching-wei.

No Civil Disobedience Campaign, Says Gandhi

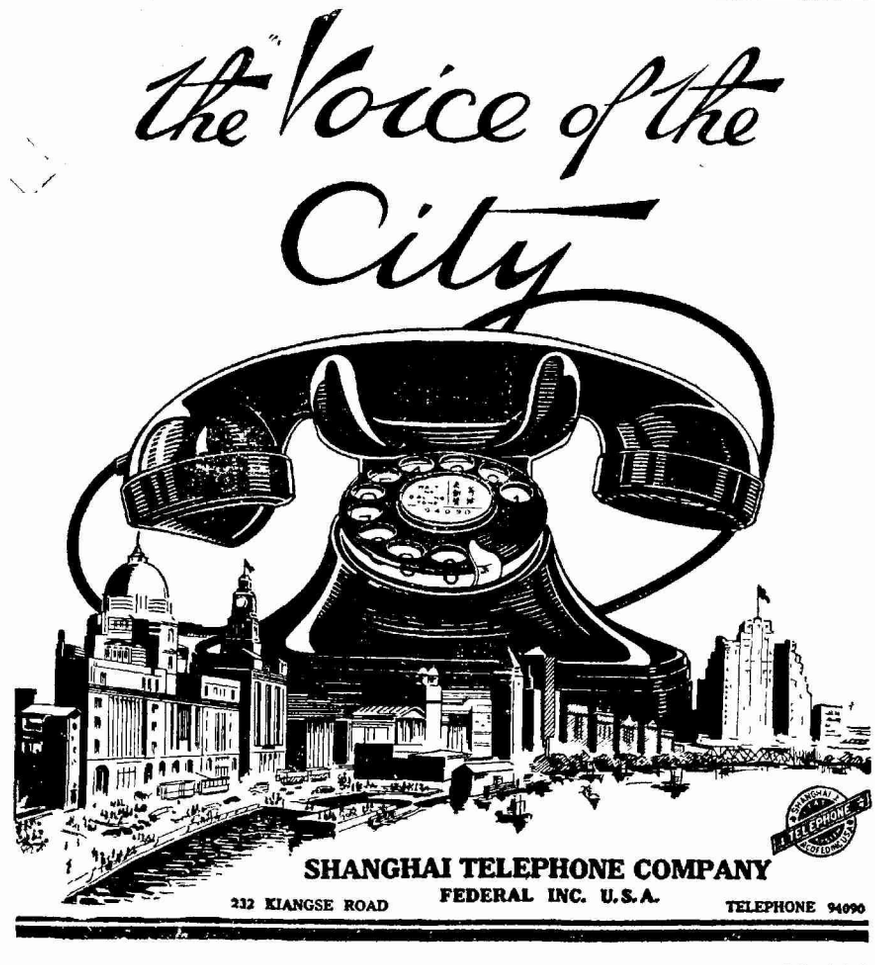
Mohandas Gandhi, leader of the All-India National Congress, declared on Mar. 9, according to a *United Press* report from Bombay, that he could not and would not start a campaign of mass disobedience to British rule "as long as I am convinced there are enough disciples of non-violence in the ranks of the Indian National Congress." This statement appeared to place Gandhi in opposition to the Congress Executive Committee, which on Mar. 1 decided to launch a movement of civil disobedience.

Reports from various sources indicate that Britain's troubles in India are steadily mounting. The entire textile industry of Bombay is paralyzed by a general strike of operatives demanding a 15 per cent wage increase, and according to a *United Press* report from Bombay on Mar. 8 railwaymen are threatening to walk out in sympathy with the mill hands if employers refuse to grant their demands.

Jaiprakash Nahain, leader of the Indian Socialist Party, has been arrested by the British authorities for making a speech in opposition to India's participation in the war, according to a *Transocean* report. Meanwhile, trouble with the tribes is continuing. Ten tribesmen were killed and 30 others wounded in an engagement between northwest frontier police and 350 tribesmen who attempted to force an entry into the Zhob Valley, Baluchistan Province, *United Press* reported from Bombay on Mar. 9.

Japan Irked Over Mail Seizure by French

Reported seizure by the French authorities at Haiphong, French Indo-China, of mail in transit from Bangkok to Japan may lead to the delivery of a Japanese protest to France. According to *Domei*, the French authorities opened a number of mail bags and confiscated 88 pieces of mail and 22 parcels, mostly addressed to Germany. Japanese officials described the action as "morally disagreeable" in view of the fact that the mail in question was in transit from Thai, a neutral country, to Japan, another neutral. Informed quarters in Paris, according to a *United Press* dispatch from the French capital on Mar. 9, predicted that the French Government would reject any Japanese protest.



Men and Events

Dr. C. T. Wang, former Chinese Ambassador to Washington, who now resides in Hongkong, went to Manila on March 11 to attend a meeting of the directors of the Philippine branch of the Chinese Bank of Communications, of which Dr. Wang is President.

*

Miss Caroline Wilson of Chicago and Miss Harriet McCloskey, Salt Lake City, Utah, arrived in Shanghai this week and after a few days here planned to depart for Peiping. Miss Wilson and Miss McCloskey have shops in their respective cities which specialize in Chinese art and curios. Both are on buying expeditions at the present time.

*

N. F. Allman, American attorney, has been nominated as a third candidate for the Municipal Council, thus making it necessary for the Committee of the American Association to hold a "primary" election in order to select the two candidates who will "stand" for the regular Municipal election, scheduled for April 10 and 11. The nomination of Mr. Allman was said to have created a considerable commotion at the meeting of the Committee of the Association on Tuesday evening, as the Committee had previously agreed upon a "slate" consisting of J. W. Carney (Standard-Vacuum Oil Company) and R. T. McDonnell, representative of the William Hunt Shipping Company.

*

The first annual meeting of the stockholders of the re-incorporated Shanghai Telephone Company was held at the Company offices, 232 Kiangse Road, on Monday, March 11. The following directors were elected, M. M. Bates, S. Flemons, J. E. Fullam, C. D. Longhurst, J. A. MacKay, C. W. Porter, J. F. Rhame, P. M. Streit and J. H. Wilson. The number of shares represented at the meeting was 9,960 with 836,595 represented by proxy. Together they represented 73.52 per cent of the issued capital stock. The Company was previously incorporated under the laws of the State of Delaware, but recently changed to the regulations of the China Trade Act. In future the Company will carry, as part of its title, "Federal Inc., U. S. A."

*

Five families, members of the faculty of Shanghai University, have reoccupied their homes on the campus of the school, located on the Whangpoo in the Yangtszepoo district. The campus of the University was occupied by Japanese military forces shortly after the beginning of the war and was thoroughly looted of all equipment and furnishings and many of the buildings seriously damaged. Much of the damage has since been repaired — at the expense of the mission — but it is not yet known whether it will be possible to resume work at the school this fall. At present the students are housed in temporary quarters and classes are conducted in downtown office buildings.

The Fascist Medical Association in Rome has decided to eliminate 120 Jewish physicians from the professional list in line with the new racial laws, *Transocean* reported from Milan on Mar. 9.

*

The first American ship chartered from the Maritime Commission under its recent expansionist program, the Red Jacket, arrived in Shanghai on Sunday, March 10. The ship is operated by the Waterman Line and carried a full cargo of cotton from Houston, Tex.

*

Issaku Okamoto, Japanese Consul-General at Singapore, has been appointed Director of the Japanese Cotton Mill Owners' Association in China. The previous Director-General of the Association, Tatsuichiro Funatsu, resigned last year. Mr. Funatsu had also served as Consul-General at Shanghai for several years prior to his appointment as Director-General of the Cotton Millowners' Association.

*

P. T. Chen, Director of the Bureau of Economic Research and Secretary of the Ministry of Finance, was recently married in the U.S.A. to Miss Lilian Liang of Hongkong. Mr. Chen went to America in September last year as a delegate to the Institute of Pacific Relations Conference held at Virginia Beach, Virginia. Mr. and Mrs. Chen arrived at Manila on March 11 on their return to China. After a brief stop-over at Hongkong, they are proceeding to Chungking where Mr. Chen will resume his duties.

The Tokyo Foreign Office has announced the appointment of Hideo Matsumuro as Consul at Tsingtao.

*

The U. S. Maritime Commission at Washington announced on March 8 that a decision would be reached shortly on the sale of the Puget Sound-Orient Line, on which the Government owns six ships. Bids have been submitted by the American Mail Line and the American President Line. It also was announced that Richard Reynolds, well-known tobacco dealer and businessman of Winston Salem, North Carolina, had purchased the personal interests of Stanley Dollar in the American Mail Line. Stanley Dollar, eldest son of the late Capt. Robert Dollar, was formerly President of the American Mail Line.

*

Japanese graduates of Stanford University were hosts to American graduates of the same school at a dinner at the Sanko restaurant on Boone Road, Hongkew on Saturday evening, March 9. Alumni representing classes from 1908 to 1937 attended the function. Commander S. Mizota of the Japanese Navy welcomed the guests on behalf of the Japanese and a response on behalf of the American alumni was made by W. W. Jourdin. Those present included A. B. Davis, T. Horaguchi, Prof. T. Hayashi, K. Ikeda, K. Iseri, Mrs. W. Judd, Mrs. A. B. Laswell, V. F. Meisling, Miss B. Miller, R. R. Raven, Mrs. T. O. Schmid and A. T. Steele. Chinese were not invited to the dinner.

More than 300 members of General Frederick Ward Post, American Legion, and friends, atttended a raffle and ball at the French Club on Thursday evening, March 7. The chief prize, a 1940 Plymouth sedan car, was drawn by T. W. Benney, member of the staff of the Chase Bank. Mr. Benny was ill at the Country Hospital suffering from pneumonia, when informed he held the lucky number. Aside from the drawing the chief feature of the function was the presentation of a silver cigar box, with appropriate inscription, to F. D. Mortimer, Adjutant of the Post, for services he had given the local post of the organization since its founding. Mr. Mortimer, who is head of the Chinese-American Publishing Company, is shortly departing for the United States on vacation. The accompanying picture shows Mr. Mortimer (left), receiving the present. Mark L. Moody, Commander of the Post (right) is shown holding the box, while Admiral William A. Glassford, Commander of the U. S. Yangtsze Patrol (center) is making the presentation address. The function opened with a toast to the President of the United States by Commander Moody.

Shen Mo-kun, 17-year-old student in a local middle school, was sentenced by the First Special District Court to 20 days in jail for attempting to steal four text books at the Honan Road store of the Commercial Press. The boy testified that he required the books for his school work but did not have sufficient money to purchase them.

*

The American University Club will give a farewell dinner and dance in honor of the retiring Consul-General Clarence E. Gauss, who has been appointed Minister to Australia. The function will be held at the American Club, Wednesday evening, March 27 and will be limited to 300 reservations.

*

Major-General Yoshiharu Takeshita, head of the Japanese Army's Special Service Section (SSS) at Shanghai, will shortly be appointed Director of the Mongolian Liaison Office of the Asia Development Board, according to a report published in the *Shanghai Mainichi* on Saturday, March 9. As Director of the Army Special Service Section here, Major-General Takeshita has had charge of the gambling and opium-smoking joints in the Shanghai "badlands" section.

*

Dr. Peoliu Dai, for several years Executive Secretary of the Chinese Institute of International Relations and editor of the *China Quarterly* in Shanghai, has been appointed First Secretary of the Chinese Legation in Cuba and concurrently Consul-General at Havana. A native of Canton, Dr. Dai, after graduation from University of Shanghai, went to the United States, where he received a Ph.D. degree from John Hopkins University. After his return he taught in Canton and Shanghai, and then joined the Chinese Institute of International Relations in Shanghai as Executive Secretary.

The Harvard Club, at a meeting held on the evening of Monday, March 11, elected the following officers, President, T. K. Ho; Vice-President, P. F. LeFevre; Treasurer, W. S. Chiao; Secretary, Charles Richardson, Jr. A vote of thanks was tendered to Horace Smith, retiring President, for his conduct of the affairs of the club in the past year.

*

E. W. Torrey, manager of the National City Bank in Tientsin, is in Shanghai en route to the United States on leave. He will join Mrs. Torrey who went to the United States several weeks ago. Mr. Torrey was previously connected with the National City Bank in Shanghai.

*

A Chinese employee of *Reuters*, British news agency, who was arrested in Tsingtao a month ago by the Japanese-controlled puppet administration in that city, is still under detention, according to report in the Chinese newspapers this week. The name of the man was not disclosed. The charge against him was that he was "an agent of the Chungking Government." The British Consulate at Tsingtao was said to be investigating the case, but no protest had been lodged, stated the report.

According to *Transocean* the new German-Soviet understanding has made it possible to travel from Berlin to Tokyo and Shanghai in 14 days. The speeding up of the service was made possible by eliminating various formalities, including passport delays, according to the announcement. Recently there has been a great increase in the number of European travellers passing through Vladivostok, according to report from Japan.

*

Dr. Emilie Bretthauer, who died in Shanghai on Feb. 11, was the "discoverer" of the late Dr. Herman C. L. Liu, former President of Shanghai University, who was murdered by gangsters connected with the Ta Tao puppet regime shortly after the outbreak of war in 1937. Dr. Liu, who was a native of Hanyang, was a youngster when Dr. Bretthauer arrived in that city in 1905. Young Liu's father had just died and his mother was a nurse in the hospital where Dr. Bretthauer served as physician. She was attracted by the youngster and supported him through school, later sending him to Soochow University and after graduation there, to the United States. It also was upon her recommendation that he was appointed President of Shanghai University. Dr. Bretthauer had resided in China for 38 years. Her home was in Laurel Spring, N. J.

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The National Government at Chungking has appointed Prof. Ma Chun-wu as President of Kwangsi University.

*

The Union of Russian Army and Navy Men was host at a ball at the French Club on Friday, March 8. The proceeds of the function were in aid of the Union's charity fund.

*

H. Ibusuki, appointed some time ago as Deputy Secretary of the Shanghai Municipal Council, departed for Japan last Sunday morning for a "rest cure," according to *Domei*.

*

Scores of persons were injured and 350 families rendered homeless by a fire which broke out Mar. 8 in the Makati suburb of Manila, near Fort McKinley. Damage was estimated at U.S.$100,000.

*

Edwin Markham, well-known American poet and lecturer, died in New York on Mar. 7 at the age of 87. Born in Oregon City, Oregon, he worked during his boyhood as a farmhand and cattle herder in California when his parents moved to that state. Moved by social injustice, he wrote in 1899 a poem, "The Man with the Hoe," which received world-wide acclaim, being hailed as the "battle-cry of the next 1,000 years." Later he published a series of articles, "The Hoe-Man in the Making," dealing with the problem of child labor. He was a member of the American Academy of Arts and Letters and at one time honorary secretary of the Poetry Society of America.

More than 300 miners were killed on Mar. 7 when an explosion started a disastrous fire at the Coronel coal mines in Chile. Damage was provisionally estimated at 300,000,000 pesos.

*

An attempt to nationalize the markets of Manila was vetoed by the Mayor of the city, Sr. Eulogio Rodriquez, on March 7, according to *United Press* report. The measure was intended to eliminate Chinese retail dealers who own a majority of the stalls in the Manila markets.

*

Dr. Paul Yu Pin, Catholic Bishop of Nanking, who traveled extensively in Europe and the United States last year, has presented two embroidered silk robes to His Holiness Pope Pius XII. In acknowledging the gift, Pope Pius sent Bishop Yu two autographed photographs of himself.

*

The Japanese have inaugurated an airmail and passenger service from Yokohama to the Mandated Islands of Saipan and Palau, located to the northeast of the Philippines. The first plane to make the circuit returned to Yokohama on Monday, March 11.

*

Six Russians, two Chinese women and two Chinese men were brought before the First Special District Court on Friday, March 8, charged with smoking heroin. The den where the smokers were arrested was operated by a Korean woman on Markam Road. The Korean woman was turned over to the Japanese authorities.

Dr. John Huston Finley, editor emeritus of the *New York Times* and well-known author and educator, died in New York on Thursday, March 7.

*

C. D. Alcott, member of the editorial staff of *The China Press*, who is Shanghai's leading news broadcaster, spoke on the subject, "Radio in China," at the Foreign Y.M.C.A. Forum on Tuesday evening of this week.

*

A number of European diplomats stationed in Shanghai and Japan made a trip to Manila on the President Coolidge, arriving there on March 11. The party included Sr. Santiago Mendez de Vigo, Ambassador to Japan, and wife; Sr. Pedro de Ygual, Spanish Consul-General at Shanghai and wife; Mr. Athanase Politis, Minister of Greece at Tokyo; and Comtesse Helene de Tascher, wife of the French Commercial Attache, stationed in Tokyo.

*

Walter Bosshard, Swiss correspondent and photographer, who resided in Peiping for several years, is now traveling in the Balkans and Near East, according to letters received by friends here. Since his departure from Peiping a year ago he has visited various Balkan countries, Iran, Iraq, Afghanistan and Arabia. His present address is care of the Swiss Legation Teheran.

*

Judge Milton J. Helmick of the U. S. Court for China returned to Shanghai this week from an extended trip to the capital of the Chinese National Government at Chungking, Szechwan. He was accompanied by Mrs. Helmick and they traveled by way of French Indo-China and Kunming, Yunnan, from which city they traveled to Chungking by motor car. Judge Helmick visited Canton while on the trip and held a session of the Court there. William T. Collins, Clerk of Court, who accompanied Judge Helmick to Canton, also returned to Shanghai this week.

*

The Chungking authorities have inaugurated three postal routes from West China to Burma, according to *United Press* from the Chinese capital on March 11. One route will be from northwestern Yunnan to Bhamo and thence to the North Shan States. Another route will be from southwestern Yunnan to the South Shan States, and the third will follow the present Burma-Yunnan Highway. In addition there is an air-mail and passenger service, maintained by C.N.A.C., between Chungking and Rangoon.

*

Baron Mario Indelli, at present Italian Minister in Belgrade, is shortly to be appointed Ambassador to Japan, according to *Havas* report. Capt. Giorgio Giorgis, Italian Naval Attache in Japan, who recently returned to Italy, contributed the sum of Y.5,000, derived from the sale of his private motor car, to the Japanese Naval Welfare Fund. Signor Luigi Cortese, who was Italy's first Minister to the puppet state of Manchukuo, has been transferred to Geneva where he will be Italian Consul-General. Sig. Cortese assisted in negotiating the barter agreement between Italy-Japan-Manchukuo.

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New Books of Interest in the Far East

Japan's Big Failure

CHAOS IN ASIA—By Hallett Abend. Ives Washburn, Inc., New York, 1939, 308 pages, index...Price, U.S.$3.00.

This newest book by Hallett Abend has value as a summarization by a newspaperman who has been close to events, of the past two years of the Sino-Japanese war. And the substance of the summarization is that Japan is attempting the impossible in China. Large as is the territory she has conquered, Japan can never consolidate her conquests. The "New Order" of Japan's unappreciated propaganda, styled by a British wag "the New Disorder in Asia," is the *Chaos in Asia* of Mr. Abend's title.

Japan has done her best to divide Chinese opinion, and so she pinned her hopes for a time upon General Wu Pei-fu, whom she was to allow an army of 500,000 men, withdrawing all her own forces except five divisions. But Marshal Wu's army was to have no machine-guns, no artillery, tanks, or airplanes.

> "Of course we expect uprisings for years," one Japanese commander told me, when this plan was under discussion. And then he added grimly, "But we are certain our airplanes can control any situation that may arise until our tanks and our troops and artillery arrive."

Wu Pei-fu refused the rewards of this military serfdom, but Wang Ching-wei has been more compliant. The various chapters of Hallett Abend's book give accumulated evidence of the central fact of Japan's failure. Japan is not bankrupt, nor is this likely soon. But she has a million men to maintain on the Asiatic mainland, one half of them in Manchuria. She has lost, according to Mr. Abend, over 150,000 men killed and some 400,000 men so seriously wounded as to be unavailable for further service. She has to conceal the facts from her people. She has a labor shortage at home. The weakness of her yen is plain in the open market at Shanghai, where it has been cheaper than the Chinese dollar. But greater than all these facts is her moral failure, the fact that she has earned nothing but bitter resentment and hatred, for her army has no argument but the sword that it knows how to use.

The outlook for China is not exactly favorable in Mr. Abend's picture. "Corruption, nepotism, defeatism" are to be found even in the Chungking government in spite of Generalissimo Chiang's efforts. Money is scarce in Chungking, comforts are few, luxuries are lacking. China can hardly hope to win this war unaided. Nevertheless, through her Foreign Trade Commission, Agricultural Commission, Industrial and Mining Commission China has been building up an effective economic resistance, effecting "an astonishing development of the interior provinces," where technically-trained Chinese in large numbers are giving their services in industry, banking, railway building, highway improvement, aviation.

Not in "free China" only, but deep in the Chinese of the occupied territory is the spirit of resistance, growing increasingly deeper as they meet with instances of brutality of the Japanese gendarmes. Wang Ching-wei fails utterly to gain a following. "Tersely put, Nanking today is a city of distress, misery, and gloom," "a shocking disappointment to all observers, even to the Japanese." Peiping, Shanghai, show numerous forms of the deteriorating influence of "the New Order."

What will be the determining influences? Obviously the actions of Great Britain, the United States and France enter into this question. Japanese resentment on account of the failure of these countries "to understand her purposes" is accordingly great. Many Japanese recognize the desirability of a conciliatory policy even to such a point that the Chungking government fears that Japan "may woo the democracies." But not so the army officers. In one of his best chapters, entitled "Whom the Gods Would Destroy," Mr. Abend discusses the ingrained arrogance of the army.

Japan, then, is "sitting on the lid," but if Formosans, Koreans, and the Chinese of Manchuria are still bitterly hostile to Japanese overlordship, all the more futile in the end will Japan's present policy be in the nation of China. Perhaps it would be different, Mr. Abend tells his Japanese questioners, if the Japanese could learn the discipline and consideration by which a nation can deserve to rule, but they had their opportunity and failed to take it.

D. R.

Learn to Punctuate!

MIND THE STOP—A Brief Guide to Punctuation, with a Note on Proof-Correction. By G. V. Carey. Cambridge University Press, 1939. 117 pages, index, cloth. Price 3/6d.

Paraphrasing the author's words with regard to another matter, we might say: In punctuation most of us can get along fairly well by the light of nature and the use of common sense, but there are certain "rules of the game" and it is just as well to know them. Mr. Carey shows how punctuation must be used to convey the meaning of written matter through the eye with the least possible delay and without ambiguity. The rules are clear, the reasons for the rules make application effective. The examples used by way of illustration have been taken from books and newspapers of recent date. This means the rules are shown in their application to daily needs, rather than to the subtleties of literary form.

The chapter headings show the fresh and vigorous approach of the book: The Heavier Stops (full stop, colon and semi-colon); The Lighter Stops (comma, brackets, dash); A Mixed Bag (exclamation and question marks, inverted commas, hyphens, capitals, italics and paragraphs).

Is Your Baby Naughty?

Young children are not naturally naughty; if they are well they are usually good-tempered too.

So if your little one is disobedient and naughty perhaps it is due to some slight derangement of the digestive organs, a common source of childhood ailments. See what a dose of Baby's Own Tablets will do!

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Errors of grammar and style commonly seen in English writing should yield to the humorous and effective treatment of this author. For problems beyond the scope of this study, Mr. Carey directs the reader to Fowler's *Modern English Usage*. However, if the points discussed in this book are mastered, few people will find need for the more involved examples of punctuation.

F. M. R.

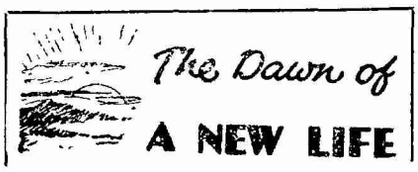
Crime Club Thriller

THE SINGAPORE EXILE MURDERS—By Van Wyck Mason. Crime Club book. 271 pages.

Van Wyck Mason here serves up a highly-seasoned *potpourri* composed of an American Intelligence Officer in quest of a cashiered Army inventor, a mysterious Dutchman who gives Bacchanalian parties, a titled nymphomaniac, a snappy young newspaper woman whose early demise is regrettable, a sensuous Balinese Mata Hari. The entire cast of old stand-bys is used here on a Cecil B. de Mille scale.

The European conflict plays a large part in the motivation of the plot and many arm-chair detectives will be reminded of Oppenheim's early spy thrillers. So many characters are involved in the search for the missing inventor and his revolutionizing armament invention that the end of the book finds the reader juggling plots and sub-plots, sadly aware that the most interesting murder had little or nothing to do with the story. Chock full of old stuff as it is, Mr. Van Wyck Mason does add a note of novelty in the introduction of some unusual gadgets. The book also has the merit of fast action and wise-cracking conversation, good enough reading for a dull evening.

C. A. K.

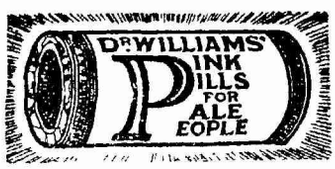


Good health is dependent upon a rich and plentiful supply of blood. You may not want to go to the trouble of having your blood tested, but if you are weak, lack energy, tire out easily, become breathless after slight exertion, if your appetite is poor and you suffer from indigestion, if your nerves are easily upset, if your complexion is pale, then it is almost certain that your blood is impoverished, that the haemoglobin content is below normal and there is a shortage of red corpuscles.

What you need to build up your blood and rapidly restore health and strength is a course of Dr. Williams' Pink Pills. The prescription of a British doctor, these renowned tonic pills will restore your appetite, aid digestion, put new life, new vitality into your whole system.

Dr. Williams' Pink Pills are particularly beneficial to girls in their 'teens and for women passing through the trying years of middle age, as well as for men at all periods of life.

Begin a course to-day, what they have done for others they can do for you. Obtainable at chemists everywhere.



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British Requisition American Securities

With sterling repeatedly declining in value as the British Government tightens exchange control and dealing in foreign securities, an edict was issued by the British Treasury on Feb. 19 requisitioning 60 specified American securities. All holdings in these securities by residents of the United Kingdom are required to be surrendered to the Treasury, which will reimburse the holders at the current New York price and the official exchange rate, plus accrued interest up to Mar. 4 The listed securities are as follows (all are common stocks unless otherwise stated):

Allied Chemical, Allied Stores, Allis Chalmers, American Can, American Radiator, American Steel Foundries, American Tobacco, American Tobacco "B"; Atchison, Topeka & Santa Fe Rly.; Aviation & Transportation (Capital), Caterpillar Tractor, Cerro de Pasco (Capital) Colgate-Palmolive-Peet, Columbia Gas & Elec, pfd. "A"; Commercial Credit, Commercial Investment Trust, Commonwealth Edison (Capital), Consolidated Edison, Continental Oil (Capital), Corn Products Refining, Crane Company, Crown Zellerbach, Douglas Aircraft (Capital), Du Pont de Nemours, General American Transportation. Green (H.L.) Company, Greyhound Corporation, Ingersoll Rand, Johns Manville, Kennecott Copper (Capital), Loews Incorporated, Louisville & Nashville Railway (Capital), Montgomery Ward, Norfolk & Western Railway, North Amer. Aviation (Capital), North Amer. Company, Paramount Pictures, 1st pfd. (Capital), Penny (P.C.) Company, Phillips Petroleum (Capital), Pure Oil, Purity Bakeries, Radio Corp. of America, Republic Steel, Reynolds (R. J.) Tobacco "B", Safeway Stores, Servel Incorporated, Southern Pacific (Capital), Spiegel Incorporated, Standard Oil of New Jersey (Capital), Sterling Products (Capital), Swift Company, Texas Corporation (Capital), Texas Gulf Sulphur (Capital), Union Carbide & Carbon (Capital) Union Pacific Railroad, United Aircraft (Capital), United Airlines (Capital), United Fruit (Capital), United States Smelting, Westinghouse Air Brake (Capital).

Palestine Jews Fight Land Purchase Edict

Reports in the Rome press last week, according to *Transocean*, stated that Jews in Jerusalem, Haifa and Tel Aviv had proclaimed a general strike to protest against a recent decree by the British authorities providing for the regulation and limitation of land purchases by Jews. British police were said to have dispersed demonstrators, led by rabbis, in the Jewish quarter of Jerusalem. Similar scenes were reported from Tel Aviv. The Jews are said to have been particularly enraged by the presence of recently-arrived Australian troops, who are quartered in Tel Aviv. According to the Rome press, thousands of Jews erected barricades in the streets and when troops and police stormed them six persons were killed and 260 wounded. More than 2,000 were said to have been arrested and the entire city placed under military occupation.

Sir Stafford Cripps is Visitor to Shanghai

Sir Stafford Cripps, British Leftist M. P. who was expelled from the Labor Party about a year ago for advocating a "united front" with the Communists in defiance of his party's decision on this question, arrived in Shanghai this week from Hongkong after visiting Chungking, Sinkiang Province and Russia. At Chungking on Mar. 5, after his trip to Sinkiang, Sir Stafford characterized as untrue all press reports alleging that Sinkiang was under Soviet domination. He found no evidence of such domination at any place he visited, he asserted. From Sinkiang, Sir Stafford flew to Moscow where he spent 36 hours talking with Soviet leaders, including Dictator Stalin, according to one report. The real purpose of the peregrinations of the British M. P. has not been disclosed.

Domei reported from Hongkong on Mar. 10 that a group of Soviet engineers, experts in heavy industry, had lately arrived in China to assist the Chungking Government in developing industrial projects. Their arrival was said due to arrangements made with the Soviet authorities by Gen. Ho Yao-tsu, special Chinese envoy to Moscow.

Yokohama Specie Bank Declares 10% Dividend

With a total net income of Yen 72,511,000 for the last six months of 1939, the Yokohama Specie Bank declared a 10 per cent dividend to its shareholders on Mar. 9, according to a *Domei* report from Tokyo. The shareholders' meeting approved the elevation to branches of four sub-branches of the Bank at Berlin, Bangkok, Alexandria and Otaru (in the Hokkaido).

Hungarian Skipper Fined By Tokyo District Court

Capt. Nicholas Zoller, Master of the 8,000-ton Hungarian freighter Nyugat, was fined 500 yen in the Tokyo District Court on Mar. 8 when convicted of violating shipping regulations by anchoring his ship off Hachijo Island, a prohibited zone, on Feb. 9. The vessel brought a cargo of scrap-iron to Japan from the United States. Capt. Zoller pleaded that he had entered the closed port because of bad weather.